

Nation's Business[®]

Published by U.S. Chamber of Commerce - \$2.50

**Specialty Insurers
Aim At Small Firms**

**Why Franchisees Seek
Professional Managers**

**EPA Enforcers Press
For Criminal Charges**

How To Buy

Business Software

*Expert advice on
choosing programs
that can make your
small company
more productive*

JUNE 1994





Give Yourself A Lifetime Achievement

The Lincoln Town Car is such an



appropriate
reward for
your life-
time of
accomplish-

ment, you might even consider an acceptance
speech. The Town Car certainly gives you plenty
to talk about, beginning with the traditional



vement Award.

spaciousness of its interior. You could go on about Lincoln's commitment to safety technology that includes standard ABS brakes and dual air bags.* And you'll never run out of compliments for its proliferation of elegant appointments. Finally, you might praise the powerful V-8 engine, and the smoothness of that legendary quiet ride. And every Lincoln is backed by the Lincoln Commitment, a comprehensive ownership benefits

program that includes 24-hour Roadside Service Assistance.

So deliver that acceptance speech if you like. And please...try to keep it under three minutes.

For further information about the Lincoln Town Car please call 1 800 446-8888.



LINCOLN
What A Luxury Car Should Be

Nation's Business®

Published by
U.S. Chamber of Commerce
Washington, D.C.



PHOTO: ERIC LAWSON-BLACK STAR

The right business software can improve productivity, as records manager David Stuecher of Transylvania Community Hospital, in Brevard, N.C., can attest. Data on a CD-ROM disk is far easier to store and retrieve. Cover Story, Page 20.



PHOTO: BROCKY TREE

Spirited entrepreneur Jeffrey G. Webb's Memphis firm trains and outfits cheerleaders. Making It, Page 14.

COVER STORY

20 How To Buy Business Software

Here is expert advice on choosing programs that can make your small company more productive.

21—How Suite It Is

28—Where To Buy Software

REGULATION

29 The Growing Ranks Of Enviro-Cops

The federal government is stepping up its efforts to enforce criminal provisions of anti-pollution laws.

31—A Move Toward Guidelines On Penalties

INSURANCE

33 Special Coverage For Special Risks

Property and casualty insurers are reaching out to small companies with policies that only big corporations used to purchase.

FINANCE

38 Some Rest For The Paperwork-Weary

The Small Business Administration is testing a simplified application process for loans that it guarantees in amounts up to \$100,000.

MANUFACTURING

41 Look, World, No Hands!

Robots are helping more and more small businesses become globally competitive.

42—Plugging In

HEALTH-REFORM WATCH

47 Seeking A Middle Ground

The Jackson Hole Group, forgoing health-care mandates, advocates a pay-as-you-go approach.

TRANSPORTATION

49 The Move Toward Alternative Fuels

Anti-pollution regulations requiring use of cleaner fuels will have a big impact on company fleets.

BENEFITS

54 A Company Stake For Workers

An ESOP provides long-term benefits for employees—and significant tax advantages for you.

55—Are You Ready For An ESOP?

EDUCATION

56 Offering Careers, Not Just Jobs

Small firms are often better positioned than large companies to enable employees to chart their own career paths.

FRANCHISING SPECIAL GUIDE

57 The Second Generation

Maturing franchises are embracing techniques in professional management.

61—Resources

62—A Turnabout

64—Four Stages Of Growth

FAMILY BUSINESS

66 A Golden Opportunity For Career Development

Nurturing the next generation; showing smaller investors respect; settling a feud between two brothers.

MANAGING

72 The Meaning Of Measurement

As paradoxical as it may sound, a quality program's numbers can add a badly needed human dimension to a small firm.

POLL RESULTS

85 Views On Property Rights

Small-business people are strongly committed to maintaining property owners' control over their holdings.

WHERE I STAND

84 On Davis-Bacon

Readers' opinions on the Davis-Bacon Act will be forwarded to congressional and administration leaders.

Here's Help On Choosing Software



PHOTO: ROBERT HOLMSTEN

The measurement team at Granite Rock Co., in Watsonville, Calif., is led by CEO Bruce Woolpert, left. Managing, Page 72.



PHOTO: T. MICHAEL KEZA

This month's cover story deals with one of the most complex challenges that small-business owners face in this increasingly high-tech area: selecting the specialized software needed for a particular task. The choices are vast, and the descriptions can be daunting for the many entrepreneurs who have joined the computer age but are not yet in the expert category.

The cover article, beginning on Page 20, not only will help you through the software-selection process but also can start you on the road toward that expert status. You'll find examples of how small businesses have improved their efficiency and productivity via the right software, an explanation of why the Windows versions of software are so popular, and a breakdown of software into the principal business categories.

The article was written by Contributing Editors Ripley Hotch and Jon Pepper, both with long experience in business technology. You'll find that this article is a comprehensive and useful explanation of a complex business subject that practically every firm will have to deal with at some point.

DEPARTMENTS

- 4 Letters
- 6 Entrepreneur's Notebook
- 8 Dateline: Washington
- 10 Managing Your Small Business
- 14 Making It
- 75 To Your Health
- 76 Direct Line
- 78 It's Your Money
- 80 Free-Spirited Enterprise
- 82 Classified Ads
- 86 For Your Tax File
- 87 Editorial



ILLUSTRATION: MICHAEL ROOK

Some jewelers seeking new marketing techniques are finding them in unusual ways—in the weather, for example. In one promotion, they offer to return all or part of the purchase price of engagement rings bought over a designated period if it rains on the date designated by the jewelry store.

The cost is backed by an insurance company, and the promotion is an example of new approaches not only in selling jewelry but also in selling liability insurance. Property and casualty insurers are finding innovative ways to increase sales to small businesses, and these techniques are the subject of a special report on insurance in this issue (Page 33). Written by our insurance-industry expert, Senior Editor John S. DeMott, it offers an overview of trends in the types of coverage that smaller firms need most.

Robert T. Gray
Robert T. Gray
Editor

Cover Design: Hans A. Baum
Cover Photo Illustration: ©Robert Burger—Stockworks

Nation's Business (ISSN 0893-0470) is published monthly at 1615 H Street, N.W., Washington, D.C. 20002-2005. Tel. (202) 463-5650 (editorial). Advertising sales headquarters: 711 Third Ave., New York, N.Y. 10017. Tel. (212) 370-1440. Copyright © 1994 by the United States Chamber of Commerce. All rights reserved. Subscription prices (United States and possessions): one year, \$25; two years, \$45; three years, \$65. For Canadian and other foreign subscriptions, add \$10 per year. Second class postage paid at Washington, D.C., and additional mailing offices. Canadian GST Registration # R123155110. POSTMASTER: Send address changes to Nation's Business, 4940 Nicholson Court, Kensington, Md. 20895. To inquire about your subscription, or to make a change of address, please call 1-800-638-6562, or in Maryland, 1-800-352-1450. Photocopy Permission: When necessary, permission is granted by the copyright owner for those registered with the Copyright Clearance Center (CCC), 222 Rosewood Drive, Danvers, Mass. 01923, to photocopy any article herein for a flat fee of \$1.50 per copy of each article. Send payment to the CCC. Copying without express permission of Nation's Business is prohibited. Address requests for reprints to Nation's Business Reprints, 1615 H Street, N.W., Washington, D.C. 20002-2005, or call 1-800-692-4300.

Printed in the U.S.A.

Nation's Business

Letters

The United States Chamber of Commerce, publisher of *Nation's Business*, is a federation of businesses, trade associations, local and state chambers, and American chambers of commerce abroad.

CHAIRMAN OF THE BOARD

William C. March

PRESIDENT

Dr. Richard L. Lesher

SENIOR VICE PRESIDENT/COMMUNICATIONS

Dr. Carl Grant

VICE PRESIDENT/PUBLISHING

David A. Roe

EDITOR

Robert T. Gray

MANAGING EDITOR

Mary McEwen

ASSISTANT MANAGING EDITORS

Tereasa F. Shea, Roger Thompson

SPECIAL CORRESPONDENT

Sharon Nelson

SENIOR EDITORS

Joan C. Szabo, Albert G. Holsinger,

Michael Barrer, John S. DeMott

ASSOCIATE EDITORS

Mag Whittemore, David Warner,

Roberta Maynard, Dennis Fitzgerald

SENIOR WRITER

Laura M. Litvan

CONTRIBUTING EDITORS

Henry Altman, Ripley Hotch, Julie Candler, John L. Ward,

Craig E. Aronoff, Jon Pepper, Charles A. Jaffe,

Peter Weaver, Albert B. Ellentuck,

Janet L. Wilen

EDITORIAL ADMINISTRATIVE ASSISTANT

Tia N. Taylor

ART DIRECTOR

Hans A. Ramm

ASSISTANT ART DIRECTOR

Alberto Pacheco

SENIOR DESIGNERS

Kathy Reuter, Kathleen Vetter, Amy Puglisi

SENIOR ARTIST

Michael Rook

PHOTO DEPARTMENT

Laurence L. Levin, photo editor;

Frances Borchardt, assistant photo editor

T. Michael Kena, chief photographer

ART PRODUCTION ASSISTANT

Theodore D. Taylor

PRODUCTION DIRECTOR

Sheila Yoder

PRODUCTION COORDINATORS

Stephanie Jankowski, Ginger Tracy Hill

PRODUCTION ADMINISTRATOR

Sorella Armstrong

U.S. ADVERTISING

Robert H. Gotschall, marketing director

(313) 354-1186

Pete McCutchen, Eastern advertising director

(212) 370-1440

Kathleen Brown, administrator

ADVERTISING MANAGERS

Atlanta (404) 393-0140

Rob McWaters

Chicago (312) 346-3526

Richard Knepper

Dallas (214) 527-0404

Richard Chalkley

Southfield, Mich. (313) 354-1186

Richard Topous, Michael McNew

Los Angeles (213) 651-1466

Tom Bowman

New York (212) 370-1440

Jerry V. Camporino, Neil Hinton

Hart McDowell, Laura A. Walsh

San Francisco (415) 421-7436

Richard A. Sands

CLASSIFIED ADVERTISING

(202) 463-5640

Maria Scher, director

Monica Munser, sales representative

INTERNATIONAL MARKETING

(202) 463-5716

El Motas Seneb, director

CIRCULATION

Elizabeth A. Allen, director

Lucy Oliver, manager

Liana Glaser, marketing services manager

Yasemin Washington, circulation coordinator

PROMOTION AND RESEARCH

Jaime Grossman, director

Nancy Swanson, research manager

Diane Lewis, promotion coordinator

BUSINESS MANAGER

Leonard I. Rippa

A Productive Company—Happily Unplugged

Your monthly coverage of high-tech computers and other expensive equipment might lead your readers to believe that a company that isn't wired for the electronic age is doomed.

I certainly understand the need for this type of technology and, indeed, use some of it for my transportation and distribution business. On the other hand, I have

now also competes with IBM-compatibles in performance and price.

I'm sure that many small-business owners, including those who use Windows (a patched-together imitation of the Macintosh graphic interface), would appreciate the advantages Macintosh offers.

Jan Strnad

Los Angeles

[Editor's Note: Please see "Buy A Mac For Less," in the March issue.]



increased annual sales to \$2.5 million from \$375,000 over the past 10 years, and, believe it or not, our office is not computerized.

We send out hand-typed statements with real stamps put on the envelope by hand. We apply simple, common-sense techniques that are thorough and accepted industrywide by both our customers and regulatory agencies.

So please, how about a little consideration for companies whose people still have to think and love every minute of it?

Louis J. Tumminello

President

Milo Express, Inc.

Oakmont, Pa.

What About Macintosh?

Your April cover story, "The Right Stuff," was remiss in totally overlooking Apple's Macintosh. True, IBM-compatibles dominate the business field, mainly because of cost. But when it comes to ease of use, plug-and-play peripheral devices, and graphics, the Macintosh has no equal.

With the introduction of the PowerPC line under an alliance of Apple, IBM, and Motorola, and lower across-the-line prices for Macintosh equipment, the Macintosh

Doing The Right Thing Can Head Off Lawsuits

The story in the April issue on employment-practices liability insurance, "Protecting Against Employment Perils," brings up an interesting point. It is a lot tougher to run a business than it was in the days before the Civil Rights acts, the Americans with Disabilities Act, and the Family and Medical Leave Act.

You cannot mandate behavior, but strong policies and procedures and a commitment from the top can go a long way toward improving the way people work together.

Companies can create an open and supportive atmosphere in which employees feel that they have a right to speak up when they think they are being treated unfairly.

Complaints of discrimination or sexual harassment can in this way be addressed before they become lawsuits.

Patricia A. Ross, President

Personnel Strategies

Cleveland

Is This A Forum For Children?

My fierce advocacy of the Second Amendment's guarantee of the right to keep and bear arms should make me appreciate the letter from a sixth-grader that you printed in the May issue. I, on the other hand, do not read the Letters section to learn the views of elementary-school children. Is this a business magazine or "Sesame Street"?

Peggy Young, Owner

Young's Screw Machine Shop

Burleson, Texas

Unions Helped Forge America's Middle Class

In his March letter bashing President Clinton's Commission on the Future of Labor-Management Relations, Martin Fox said the commission's "only aim is to ram the union elite's agenda down Ameri-

can workers' throats." How quickly we forget that unions have created a middle class that stimulates our consumer-driven economy and provides much-needed tax revenue. My hard-earned "union" paycheck pays my mortgage and taxes, feeds my family, and allows me to buy American-made products. Is this so bad?

*Timothy J. Heyden, Member
Local 17 of the International
Union of Operating Engineers
East Concord, N.Y.*

Clinton Health Plan Seen As A Threat

As the owner of a small painting company, I am deeply concerned about the many potential threats to my freedom and livelihood. Perhaps the most ominous of these threats is the Clinton health-care plan. Moreover, many who are opposing the administration's proposal have unknowingly accepted the basic premises that underlie the plan.

We must be vigilant in defending the right of doctors to run their practices as profit-making enterprises.

*J. Brian Phillips, President
Phillips Exterior Services Inc.
Bellaire, Texas*

Legislation Would Curtail Legitimate Investigations

Congress is considering legislation that would seriously hinder legitimate investigations of fraud, theft, and other activities detrimental to society and businesses. The Driver's Privacy Protection Act would restrict access to a licensed driver's motor vehicle records. The Privacy for Consumers and Workers Act would restrict electronic monitoring of employees.

Both bills would directly affect defense attorneys, investigators in the private sector, insurance companies, and any business that pays insurance premiums.

I don't think anyone can deny that fraud continues to help boost ever-rising insurance costs. The laws of our country should not be molded to protect those who make a lifestyle of "beating the system."

*Ron R. Buretta
Ron R. Buretta & Associates, Inc.
St. Louis*

[Editor's Note: The Senate and the House included measures designed to limit access to motorists' records in their respective crime bills, which await action by a conference committee. A Senate Labor and Human Resources subcommittee held hearings on the Privacy for Consumers and Workers Act in June 1993. Similar legislation has advanced to the House Education and Labor Committee. For more on this subject, see "The Move To Curb Worker Monitoring," in the December 1993 issue.]

Arbitrary Sign Ordinances Violate First Amendment

It seems over the past decade the ability of merchants to display effective signs has been diminished on a continuous basis. It ultimately has to do with First Amendment rights. Somehow, arbitrary sign ordinances have to be challenged so creativity is not stifled. Today, in our



ILLUSTRATION: KATHY HEDGECOCK

region, neon signs are being eliminated—even within a store! What will it be tomorrow?

*Joseph Rene DuPont, President
Passaic Valley Chamber
of Commerce
Stirling, N.J.*

An Alternative Where I Stand Question

Your May Where I Stand poll on product liability showed bias. While superficially neutral, it is, on examination, shrewdly one-sided. Each question suggests only one reasonable answer.

Question 3 asks: "How do you view the argument that by encouraging lawsuits, liability laws deter production of beneficial goods and services?"

Instead, why not ask: "Given that government cannot afford to monitor product safety, do you value product-liability law as the sole deterrent preventing the production of dangerous consumer products for profit?"

I am sure the response would be somewhat different.

*David H. Waxler
Hamel, Waxler, Allen & Collins, PC
Personal Injury Law
New Bedford, Mass.*

Temporary Services Meet On-Demand Needs

I read with interest the article "Now You Hire Them, Now You Don't," in the January issue.

Another option for businesses that require temporary office support is the use of secretarial and desktop-publishing

services, which are set up to respond to the on-demand needs of their clients.

Because these workers are skilled in their specialties, training costs for client companies are eliminated. In addition, the clients avoid major investments in hardware and software.

Secretarial and desktop-publishing services that are members of the National Association of Secretarial Services subscribe to a code of ethics and follow industry production standards to assure accurate estimates and fair pricing.

*Louise Kursmark
Best Impression
Reading, Mass.*

The Consequences Of Enacting Laws

The instrumentality of government control is the law. Every time a law is enacted, Congress agrees to transfer power from the citizen to the government. Freedom from control becomes control of freedom. This is an inescapable consequence of creating laws—any laws, good or bad. When any law is enacted, the citizen grants government the power to control freedom that government would not have had otherwise.

While laws are always enacted for good causes, they seldom cause any good. One by one, the enactment of each law serves to reveal greater detail to that monument that will, sooner or later, reveal itself as ordered tyranny. This is not to say that there should be no laws. Rather, it is to say that power to control should be given sparingly and with great care, for, once granted, it will be difficult to remove.

*Thomas S. Ross
Highland Park, Ill.*

The Clinton Administration And The Economy

The Federal Reserve has recently pushed up short-term interest rates and will probably do so again soon. As a result, the impressive growth in real-estate and car sales as well as in the gross domestic product will slow. When that happens, the tax-and-spend Clinton administration will begin to show its true colors.

*Dailey J. Berard, President
Universal Fabricators Inc.
New Iberia, La.*

Send letters to Editor, Nation's Business, 1615 H Street, N.W., Washington, D.C. 20062-2000, and include your phone number. You may fax your letter to (202) 887-3437. Because of space limitations, we cannot print all letters received, and those selected for publication may be condensed.

Entrepreneur's Notebook

By Paul C. Hsu

Profiting From A Global Mind-Set

Entrepreneurs have plenty of excuses when they say why they're not exporting their products.

They talk about a lack of staff or money. Or they can't afford to wait months to see a return. Or they cite lack of expertise, saying that they're unsure what it takes to export successfully and that they don't know where to turn for help. Actually, what those entrepreneurs lack is a long-range plan.

Company owners who are willing to comfort themselves making these kinds of excuses ignore the excellent benefits of doing business abroad.

In order to grow, a firm must expand its product lines and markets. I have discovered that pursuing customers overseas is an excellent way to do that.

Exporting also helps a domestic company weather periodic economic downturns. I have purposely expanded my ginseng company to have a good mix of domestic and export sales. At this point, only a worldwide recession could crush the business. This kind of balance gives our company the ability to ride out a bad economy in one or more parts of the world.

In 1969, I moved from Taiwan to the United States to embark upon a career in social work. Five years later, in Wisconsin, I began exporting North American ginseng to Asia. The plant has traditionally been regarded in China as a treatment for a variety of ailments. Typically, the root is dried and used in a tonic that is soothing to the stomach. Most Americans recognize ginseng tea.

North American ginseng has a light, bitter taste with a touch of sweetness; Asian ginseng has a more herbal flavor. I

Paul C. Hsu is president of Hsu's Ginseng Enterprises Inc. of Wausau, Wis. He prepared this account with Nation's Business Contributing Editor Charles A. Jaffe.

Readers with special insights on meeting the challenges of starting and running a business are invited to contribute to Entrepreneur's Notebook. Write to Editor, Nation's Business, 1615 H Street, N.W., Washington, D.C. 20062-2000.

believe those differences make North American ginseng a saleable alternative across the Pacific. I like to point out a parallel here in America's Dairyland, where different regions excel in making different varieties of cheese.

Within a year, ginseng was a full-time business for me. The company grew into



PHOTO: IMAGE STUDIOS

Paul Hsu's "world-is-my-market" strategy has helped propel his Wausau, Wis., ginseng business.

farming ginseng and even purchasing a subsidiary in Malaysia. Last year, Hsu's Ginseng Enterprises Inc. had sales of about \$18 million, more than half of which were abroad. (The bulk of our domestic sales are made in Chinese-American groceries and in health-food shops.) We account for about one-third of the U.S.-grown ginseng imported in Asia. Our markets include Hong Kong, Taiwan, Singapore, Malaysia, and China.

Exporting, I have discovered, starts with a global mind-set, which, unfortunately, is not all that common among the owners of small and medium-sized businesses in the United States. Entrepreneurs in Hong Kong and Taiwan, however, see their domestic market as bread-and-butter, with the gravy coming from exports. Most entrepreneurs in the United States envision markets only within domestic and sometimes even state borders, while Japanese and other foreign

entrepreneurs look at export markets first. Like it or not, virtually all businesses are facing global competition. Companies that fail to see the world as a global marketplace risk being blindsided at home and abroad.

Adopting a global mind-set means doing away with excuses. Once an entrepreneur adopts a "world-is-my-market" strategy, the rest can fall into place with some effort.

First, an entrepreneur must evaluate whether the product can be exported successfully. Uncertainty over how foreign markets respond is a big hurdle to overcome. Universities and government agencies can provide technical assistance. Wisconsin's agriculture and development departments helped me perform crucial marketing studies.

Next, a potential exporter must seek out importers in target countries. State and federal trade officers can provide free assistance by helping entrepreneurs identify potential customers at trade shows and by negotiating the intimidating maze of paperwork. (For more information on getting help, see the May cover story, "A Good Time To Export.")

One final bit of advice: Entrepreneurs should act now. U.S. goods are still perceived as among the best in the world; a Made in the U.S.A. label still has a lot of prestige. Entrepreneurs who put off venturing abroad—letting those tired excuses win out—might forever lose a chance to capture a piece of the global marketplace. **HB**

What I Learned

A balance of domestic and overseas sales helps a business expand and provides a hedge against economic downturns.

Shades of success.



© 1994 IBM Corp.

Color Me Beautiful works with hundreds of colors. IBM helped them enhance one: Green.

Five years ago, at our first meeting with Steve DiAntonio, President of Color Me Beautiful, he told us quite frankly:

"We're in the cosmetics business, not the technology business."

Five years later, with a 40% annual increase in sales and cash flow, Steve and his company are turning others in the industry a soft shade of envious green.

Back when Color Me Beautiful outgrew their computer system, they began interviewing technology vendors.

And no, IBM was *not* the most expensive. In the words of Lee Nelson, CFO, "We shopped around. Not only were they very competitive, but the guys from IBM talked about tailoring a system

for our specific situation. Others wanted to take a more off-the-shelf route."

Together with Color Me Beautiful, we developed a business plan that's being followed to this day. It involves managing inventory, electronic order-writing, point-of-sale, plus all distribution and delivery.

"The best part," Lee adds, "is that if I have a question or a problem, I make a single phone call and IBM is there."

No matter what *your* favorite color is, we and our Business Partners can help you stay very much...in the black.

For a free booklet on how technology can help growing businesses, call us at 1 800 IBM-6676, ext. 638.

IBM

Dateline: Washington

Business news in brief from the nation's capital.

BENEFITS

Searching For Compromises On Health Reform

Five congressional committees with primary jurisdiction over health care were all scrambling in May to cobble together reform bills that could win committee approval before their self-imposed Memorial Day deadline for action.

While President Clinton's Health Security Act is used as a point of reference, it is no longer the center of attention. The president's proposed price controls, mandatory health-insurance purchasing alliances, and a requirement that all businesses pay up to 80 percent of their workers' health insurance appear to be dead. However, Democratic leaders are searching for a compromise that would retain the mandate concept while easing its financial burden on small businesses.

The compromise attempts on employer mandates did not soften business opposition to that concept, however, Lisa Sprague, manager of employee-benefits policy for the U.S. Chamber of Commerce, said of the proposals to alter the mandates: "This tinkering doesn't change the basic problem with the Clinton plan—small business doesn't want the government

issuing the orders for health-care reform. ... American small business will accept only a plan that is market-oriented and flexible."

The compromise efforts included that of House Energy and Commerce Committee Chairman John D. Dingell, D-Mich., who proposed a watered-down version of the president's employer mandate. Dingell would have exempted employers with fewer than 10 workers from a mandate to purchase insurance. Those with 11 to 15 workers would pay a 1 percent payroll tax; firms with 16 to 20 workers would pay a 2 percent payroll tax; and all other employers would pay 80 percent of the cost of their workers' health insurance. These concessions, however, failed narrowly to gain committee approval. (See also "Turning Toward A Middle Ground," Page 47.)

House Ways and Means Committee Chairman Dan Rostenkowski, D-Ill., pre-



PHOTO: GERRY ANNE-FOLIO, INC.
Rep. Dan Rostenkowski: Universal coverage would be costly.

dicted that his committee would approve a reform bill that guarantees coverage to all Americans—the president's one non-negotiable goal. But Rostenkowski cautioned that universal coverage will come with a big price, requiring billions of dollars in new revenue.

Senate Majority Leader George J. Mitchell, D-Maine, has laid out several options to reduce the amount small businesses would pay under a Clinton-style employer mandate.

Mitchell has proposed exempting all firms with fewer than 10 workers, raising federal subsidies to the smallest companies, and cutting the employer's share of the premium to 50 percent.

Whatever the outcome of the current push for committee action, it's still a safe bet that Congress will send a bill—though not the Clinton proposal—to the president for his signature before the November election.

—Roger Thompson

REGULATION

OSHA Issues New Rule On Personal Safety Equipment

Add another rule to the list of regulations with which small businesses already must comply. It's the final directive on personal protective safety equipment, issued recently by the Occupational Safety and Health Administration (OSHA).

The new regulation, which covers "general industry," updates OSHA's standards for protecting a worker's head, face, eyes, and feet, and it adds a section on hand protection. According to the safety and health agency, 1.1 million work sites with 11.7 million workers will be covered under the rule.

Employers are required to assess their workplaces to identify hazards that would necessitate personal protective equipment, such as hard hats, face shields, gloves, safety glasses, and safety shoes. Protective gear purchased after July 5, the rule's effective date, must meet standards adopted recently by the independent American National Standards Institute.

Employers are required to train employees in the proper use of the equipment, and the training and assessment requirements must be certified in writing for examination by OSHA inspectors.

Employers who fail to comply with the new rule can be fined as much as \$70,000 for each "willful" violation.

OSHA estimates employers' compliance costs at more than \$52 million a year, largely for training and hazard-assess-

ment programs; the figure does not include the cost of new equipment. According to OSHA, the regulation will prevent four workplace deaths annually and save 712,000 lost workdays and 65,000 "non-lost" workdays due to injuries.

To obtain a copy of the rule, call the OSHA Publications Office, (202) 219-4667; for more information, call the General Industry Compliance Assistance Office, (202) 219-8031.

—David Warner

WORK FORCE

Green Card Lottery Slated For Foreign Nationals

You can steer would-be U.S. citizens who might be good employees closer to getting their green card by letting them know about the U.S. Department of State's lottery for fiscal 1995.

A total of 55,000 permanent U.S. visas—in addition to the approximately 500,000 that are issued each year—will be given to foreign nationals located here or abroad with at least a high-school diploma, or its

equivalent, or at least two years of work experience. Lottery requirements are in addition to the green-card requirements, including no criminal record.

Not eligible are individuals from 12 countries with high numbers of immigrants to the U.S., including Canada, China, Mexico, and Vietnam.

Lottery winners will be chosen at random by computer. Applications must be received between June 1 and June 30. For more information, call (202) 663-1600.

—Roberta Maynard

**YOU PUT YOUR
HEART &
SOUL
INTO YOUR
BUSINESS**

**NOW'S THE
TIME TO LISTEN
TO YOUR
HEAD**

You built your business by putting your heart and soul into every detail. So when you make a decision, it's going to be the right one. Like acquiring the Corporate Card from American Express. From savings on overnight shipping, car rentals, hotels and more, to detailed expense reports, the Corporate Card offers benefits that really matter to you.

**APPLY NOW BY
COMPLETING
AND RETURNING
THE ATTACHED
APPLICATION,
OR BY CALLING**



1 800 541-AMEX



**Small Business
Services**

Managing Your Small Business

Fitting the work to the worker; announcing that you're on the move; keeping legal costs livable.

By Roberta Maynard

PRODUCTIVITY

Match The Right Workers With The Right Jobs

A small business needs every tool available to place people in the jobs they can do most effectively, says Will Knecht, vice president of Wendell August Forge, in Grove City, Pa. That's why he put aside his skepticism and tried personality testing as a tool in hiring, promoting, training, and other personnel decisions. After four years of regularly using such testing, Knecht is convinced of its value.

The test Knecht uses is the Predictive Index (PI), developed by Management Development Group, Inc., in Cleveland. It measures traits such as patience, independence, and exactitude.

The test takes 10 minutes to complete and can be computer-scored immediately at the work site. It covers 86 worker attributes; employees must choose words that describe themselves and then words that describe how they believe others expect them to behave.

Knecht pays an annual fee for the one-time right per employee to use the test. The fee is based on the total number of employees; it is \$2,400 for companies with up to 25 employees. The cost for testing job candidates throughout the year is additional.

Wendell August Forge, a family-owned company that crafts metal gift ware, has a direct-mail business and two retail stores in addition to its production facility. The business requires a variety of workers, including craftsmen, artists, salespeople, and customer-service employees. "We also have a lot of teams," he says, "and we



Personality testing helps in hiring, says gift-ware maker Will Knecht, left, vice president of Wendell August Forge, examining a platter with master craftsman Ty Thompson.

use the PI, which we keep on file for all 75 employees, to help find complementary individuals to form teams."

Knecht says that the test results tell him the best way to manage each worker so that the employee can be most productive and that workplace friction can be kept to a minimum. It indicates, for example, whether a person works best when closely supervised or when working more independently.

This knowledge can help supervisors

develop appropriate management strategies for different employees and help identify those with management potential. Sometimes the results are used to call an employee's attention to a possible problem.

To learn more about their own personality types, all managers at the company take the test, too. Often, the results are a surprise. "For some people," says Knecht, "the way we viewed them is not the way they are at all."

TAXES

How To Benefit By Donating Inventory Or Equipment

Several nonprofit organizations coordinate the matching of corporate gifts of inventory or new or used equipment with recipients and provide the necessary paperwork on the donation for tax-deduction purposes.

One such organization is Gifts In Kind America, in Alexandria, Va.; (703) 836-2121. Another is the National Association for the Exchange of Industrial Resources, Galesburg, Ill.; 1-800-562-0955.

A tax deduction is generally possible when a company donates excess inventory or new or used equipment to groups that

send it on for use by nonprofit organizations and schools. Almost anything can be donated, provided it is not obsolete; typical donations include clothing, pens, pencils, appliances, tools, medical and cleaning supplies, and computers. Medicine and food products are usually not accepted.

Generally, Schedule C corporations may deduct the cost (as listed on its books) of the inventory donated, plus half the difference between cost and fair market value. The value of the deductions can be as high as twice the cost. Subchapter S corporations, partnerships, and sole proprietorships earn a straight cost deduction. Check with your tax adviser to be

sure of any tax benefits that would accrue to you.

By giving equipment or inventory to Educational Assistance Ltd., a nonprofit group in Glen Ellyn, Ill., you can have your donation of goods applied to the support of college scholarships for financially needy students. The organization gives the donated merchandise to colleges, which then give targeted students financial support equaling the fair market value of the goods. The scholarships are in the name of the donating corporation. The funds may also be used to support mentor programs to help high-school students reach college.


For information about Educational Assistance Ltd., call (708) 690-0010.



**Over 20 million Americans
are protected by health benefit plans provided
through The Prudential.**

Proof that there's strength in numbers.

And peace of mind in strength.

The Prudential 

MARKETING

Making A Move? Spread The Word

Relocating your company means more than a change of address; it's a marketing opportunity. A move offers a chance to send a creative message to clients, prospective customers, and others you do business with, and to promote goodwill.

Rather than announcing your relocation or company name change with an ordinary card or note that merely states the new information, consider a few alternatives offered by Ron Schwisow, president of Teraco, Inc., a Midland, Texas, company that makes promotional products. His suggestions:

■ Host an open house to display your new offices and to orient customers to your new site. This also allows you to foster business relationships in a relaxed atmosphere.

■ Mail Rolodex cards printed with your company's new information; they can become permanent records in clients' files.

■ If you plan to use a postcard, make it different and memorable, with text that reinforces the theme of the photo or drawing. Says Schwisow, "Part of the key of using specialized products is combining the need of the situation along with the product and the copy. Integrating those can result in a very effective promotion."

■ To keep your company's name in view, use promotional items printed with your new address and try to make them funny or useful, such as a sand balloon or a magnet. If possible, make the item specific to your product. Also, look for uniquely shaped mailing packages, such as tubes, to make your message stand out.

■ Include in your promotion not only customers but also your other publics, such as banks, the city council, and others in the community that interact with the business.

■ When considering the cost of the promotion, calculate the cost per client. By doing this, you can decide what you are willing to spend in order to keep each



PHOTO: GABRIELA LANG

"Put a positive spin" on your move, says promotional-products maker Ron Schwisow.

customer in touch with your company.

"The biggest thing," says Schwisow, "is to put a positive spin on the move, even if you don't view it as altogether favorable. Do this by emphasizing some benefit of the new offices, such as more space, more convenient location, or improved facilities."

Workplace Safety Specifics

Learn about workplace safety rules in the *OSHA Compliance and Management Handbook*, by consultant Charleston C.K. Wang, a former Occupational Safety and Health Administration compliance officer, now vice president of Environmental Enterprises, Inc., in Cincinnati. He gives specifics on OSHA standards and procedures, tells how to manage an OSHA inspection, and offers suggestions for settling or challenging an OSHA citation. The 456-page book is available for \$72 plus \$5 for postage and handling from Noyes Publications, 120 Mill Road, Park Ridge, N.J. 07656; (201) 391-8484.

EXPENSES

Suggestions For Keeping A Rein On Legal Costs

CEOs can save money by learning not to leave the management of their legal services to their attorneys, says David L. Kelly, president of EnviroLaw Strategies, Inc., a management consulting firm in Irvine, Calif.

Kelly, who spent 17 years as a practicing attorney, offers a number of suggestions for managers trying to control costs.

He says, for example, that before the start of a large legal project, such as the initiation of litigation, you should ask your attorney for a cost estimate. The estimate should include a breakdown of the cost of each major part of the process, such as the initial analysis of the file as well as the projected length of the process. Kelly recommends getting at least two estimates.

Asking questions before the work begins can also help control costs. Find out in advance, for example, how the project will be handled and how many attorneys will be assigned to your project. Although a team approach to legal work has become typical, watch for signs of too many lawyers, Kelly advises.

When particular expertise is needed, additional lawyers may be justified, but be sure to ask who they are and what they are contributing. Your final bill could be a shock if you don't monitor this aspect of the work.

Insist that the bill include the name of each attorney involved and each attorney's hourly rates, the dates and nature of completed work, and time spent on tasks. If you have worked with the firm before, review past legal bills to see the types of services and amount of detail provided.

Watch out for an invoice with several hours worth of work billed to you in a day, particularly if the case is not complex, Kelly advises. "A real red flag would be 7.5 hours in a day by an attorney for anything," says Kelly. This may signal that you are paying for on-the-job training for a firm associate, when someone with experience could do the job faster—and cheaper.

If large percentages of costs are being devoted to certain areas on the bill, press attorneys for ways to reduce those costs. Smart managers negotiate for legal services just like any other goods or services, Kelly says.

"Legal services today are a buyer's market because of the economic downturn and because clients have learned more about what's involved," says Kelly. "Executives should not be intimidated when it comes to monitoring progress or questioning their bill."

(For more information, see "Finding A Lawyer For Your Business," April. For a reprint of that article, see the ordering information on Page 81, and ask for Reprint No. 9001.)

NB TIPS

High And Low Spots On The Road

When it comes to the average cost per day of meals and lodging for business travelers, New York City tops the list of domestic destinations at \$330, according to Runzheimer International, a management consulting firm in Rochester, Wis. The next-costliest cities are Washington, D.C. (\$247), Honolulu (\$231), Chicago (\$229), and Boston (\$216). Costs include meals and lodging for one traveler.

The five least-expensive cities are Wheeling, W.Va. and Augusta, Ga. (both \$76 a day), Johnson City, Tenn. (\$80) and Fayetteville, N.C., and Beaumont, Texas (both \$81).

SOMETIMES OVERNIGHT IS OVERKILL.



Do you automatically send packages overnight every time you want priority handling? That can become a pretty expensive habit.

But you do have another option. A quick and far more affordable option.

Priority Mail™ from the Postal Service. It's not

overnight but it's delivered fast, specially handled and only \$2.90 for up to two pounds.

Call **1 800 THE USPS**, ext 726 for more information on Priority Mail.

When you don't want to overpay for overnight delivery, **we deliver for you.**



We Deliver For You.

Making It

Growing businesses share their experiences in creating and marketing new products and services.

Hot Lights On Wheels

By Rosalind Resnick

Three years ago, in a flash of inspiration, Roberto Rodriguez pulled his 1986 Audi into an auto body shop and stuck neon lights all over it.

Today, Rodriguez, 32, and his brother, Efrain, 40, Peruvian immigrants who have run a neon and electrical signage business in Miami since 1985, have a lucrative sideline of selling brightly colored neon lighting kits for cars and other vehicles.

Last year, Motion Neon, Inc., raked in close to \$2 million in sales of something that nobody really needs but that lots of people all over the world apparently are clamoring to buy: pink, blue, yellow, red, green, aqua, peach, and purple neon accessories that light up the underbodies of vehicles and encircle car stereo speakers and license plates.

Knowing that a vehicle adorned with neon lights might occasionally draw the attention of traffic police, Roberto Rodriguez has gone as far as clearing the

lighting kits with the California and Florida highway patrols.

This year, the company expects to generate revenues of about \$3 million by selling its products to 1,500 dealers in 25 countries from South Africa and Australia to Mexico, France, Japan, and, soon, Russia. In fact, the Rodriguezes' neon-accessories company is now larger than the sign company that spawned it.

While the Rodriguez brothers know a lot about neon, they were newcomers to the auto market when they unveiled their first neon lighting kit at the Miami Beach World of Wheels Show in January 1991. Efrain had trained as an industrial engineer in Peru; Roberto has a master's in business administration from the University of Miami. But it wasn't long before they knew they had a hit on their hands.

Their first customer wanted it on his bicycle, Roberto recalls. "Then we started advertising in national car and truck magazines. Pretty soon, we were selling

to dealers in Miami and nationwide. By the end of 1991, we started exporting products to South America."

Right from the beginning, Motion Neon has eagerly sought to export its products. Though the Rodriguez brothers hail from Peru, they've managed to cash in by marketing a product that customers worldwide perceive as uniquely American, a reflection of the neon-lit Art Deco hotels that line the oceanfront of fashionable Miami Beach. Besides promoting their company's products at international automobile shows, Roberto and Efrain also commission artists to create neon sculptures exhibited at Miami Beach's annual Art Deco Festival.

"It's kind of a futuristic approach to the car aftermarket industry," says Roberto, the company's president and chief executive, in explaining the products' appeal. "Car enthusiasts all over the world spend lots of money putting accessories on their cars, but it's hard to see those accessories at night. With neon, people regain that visibility and attract attention."

Currently, export sales account for 55 percent of the company's revenues, up from 35 percent in 1993. Unlike other American products that need to be

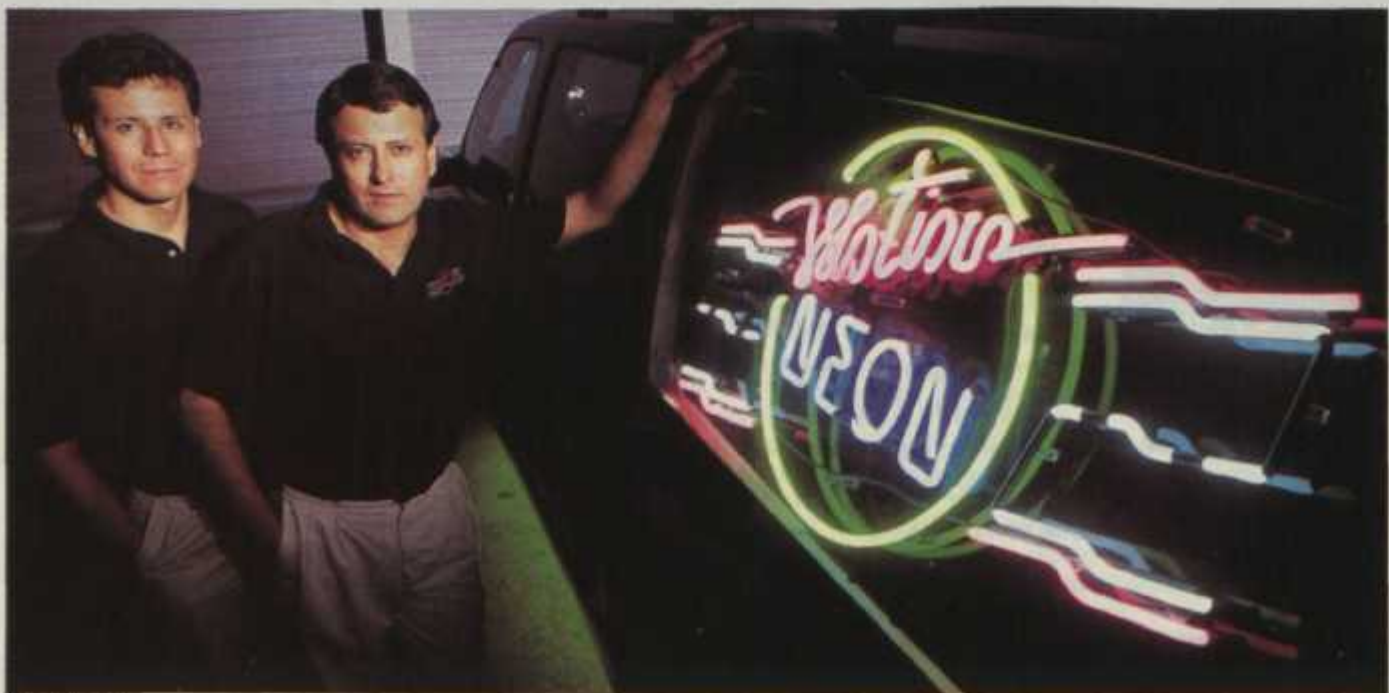


PHOTO: UTM SALVER

Neon accessories for vehicles bring in \$2 million a year for Miami brothers Roberto, left, and Efrain Rodriguez.

The FAXPHONE B160 is a fax that can be used as a printer with a personal computer.*

The FAXPHONE B140 has an adjustable cassette that holds 100 sheets of letter- or legal-size paper.

The FAXPHONE B150 features a digital answering machine and a speakerphone.

Our new plain paper FAXPHONEs are perfect for your business's future because they work like there's no tomorrow.

The more successful a business becomes, the busier it gets. And the busier it gets, the more it needs one of Canon's new line of full-featured plain paper Bubble Jet™ FAXPHONEs®.

The FAXPHONE B140, B150 and B160 come with an adjustable cassette that holds 100 sheets of letter- or legal-size paper, so your company can handle the increased volume of faxes it'll be receiving.

All three have UHQ™ Canon's Ultra High Quality image processing system, so they can transmit faxes of unsurpassed clarity. And they have Bubble Jet printing so you receive faxes with laser-quality precision.

What's more, the FAXPHONE B150 features a built-in digital answering machine, which means you'll never have to replace a tape. And a hands-free speakerphone so your people can talk on the phone while handling all that extra paperwork.

The FAXPHONE B160 is so productive it can actually do the work of two machines. It's a stand-alone fax machine. And when it's connected to a personal computer, it's also a Bubble Jet printer.

With a hardworking lineup like this, it's no wonder Canon is the leader in plain paper facsimile. For more information, call 1-800-4321-HOP.



Come see the Canon Greater Hartford Open Jun 23 - Jun 26 or watch it on CBS (Jun 25 - 26)



The Energy Star emblem does not represent EPA endorsement of any product or service.

Canon

Circle No. 11 on Reader Service Card

MAKING IT

adapted to local tastes, the only retooling the Rodriguez brothers have had to make for their overseas markets is their products' price: The kits, which retail in the United States for \$220 and up, sell for around \$200 in South America, where cars and discretionary income both tend to be smaller.

"South America is a strong market for us," Roberto says. "We also have Europe, which is becoming more and more important. And the Japanese are crazy about any American trend pertaining to vehicles."

Rosalind Resnick is a free-lance writer in Hollywood, Fla.

Despite the company's focus on export sales, its manufacturing base is primarily domestic. Motion Neon's 16 employees design and produce the underbody lighting kits in a 4,000-square-foot facility in Miami. A few products, such as the license plate kits and speaker rings, are imported from Taiwan.

There is no guarantee that the popularity of neon auto accessories will prove more than a quickly passing fad. But the Rodriguez brothers hope to turn the current enthusiasm for their company's products into a long-term demand. Recently, for example, Motion Neon began making neon accessories for motorcycles

and boats and is now eyeing the market for commercial vehicles such as long-haul trucks.

In a move that recalls its first sale, the company also hopes to sell neon lighting kits made for bicycles. To promote this new product, which is expected to retail for under \$100, Motion Neon plans to roll out a national advertising campaign in sports magazines and on television later this year. The idea is to sell neon as a nighttime safety light, not merely decoration.

"If you think you have seen everything in the neon craze, just wait," Roberto says. "We are only beginning."

Spirit! Let's Hear It!

By Cheryl Rodgers

In college, prelaw major Jeffrey G. Webb showed plenty of school spirit, doing a one-year stint as a cheerleader for the University of Oklahoma Sooners. But he didn't know the experience would give him the edge to become founder of Varsity Spirit Corp. The company, based in Memphis, Tenn., trains cheerleaders and manufactures uniforms for cheerleaders, dance teams, and school spirit groups in high schools and colleges across the country.

While a student, Webb directed training camps for the Dallas-based National Cheerleaders Association. After graduation, he was general manager of the association for two years. Then, in 1974, at age 23, he launched the Universal Cheerleaders Association. "I wanted to modernize cheerleading," the self-described "sports nut" says. In his view, that meant making cheerleading more athletic and entertaining and "just more exciting to watch."

Webb raised \$85,000 to capitalize the small training company by selling limited partnerships in \$5,000 units to friends of his family. "It worked pretty well," he recalls, pointing out that all of his investors got their money back before he took anything out of the company for himself.

Webb chose Memphis as his new association's headquarters because it was the center of the area where he had developed the most contacts at schools, his potential customers. Throughout the Southeast and



PHOTO: BROOKLYN TIMES

Memphis entrepreneur Jeff Webb has built a \$50 million company training and outfitting cheerleaders.

Midwest, his organization acquired the use of college and university dormitories that otherwise sat empty during the summer. "We sent letters announcing training to every high school within 100 miles [of each campus], went through all our money, and hoped," Webb says.

He needn't have worried. There were 4,000 participants in 20 camps that first summer. "We turned a profit our first year and have been profitable ever since," he says.

Webb's Universal Cheerleaders Association division now trains 125,000 high-school and college students and cheer-

leading coaches each year. While Varsity's year-round work force numbers about 250, it expands to 1,000 in the summertime to meet the training needs of more than 700 camps in 48 states.

In 1979, Webb launched his company's second and now largest division, Varsity Spirit Fashions and Supplies. Its aim, he says, is to update cheerleading outfits with vibrant colors, special materials that would stretch rather than tear, and shoes made for comfortable shoulder stands. It also offers such items as pom-poms and megaphones.

By using full-color catalogs and promotion videotapes, bolstered by a full-time, 100-member sales staff that calls on 15,000 schools and colleges, Webb, 43, has built the fashion division to nearly \$31 million of the company's \$50 million annual sales.

Since 1981, Varsity Spirit has conducted special events, such as the high-school and college national cheerleading championships seen on ESPN, the sports cable network. Now the company is forging an international niche.

Seven years ago, Varsity was approached by a group of Japanese business people interested in the school-spirit industry. A result is a licensee called UCA-Japan. Webb's company developed the Japanese firm's original teaching staff and now provides it with materials, uniforms, and updated training.

Consolidating his enterprises under the name of Varsity Spirit Corp., Webb took the company public on the NASDAQ exchange in 1992, raising \$12.9 million and enabling Varsity to retire all debt.

Webb thinks there is still room for his business to grow domestically. He is also confident that the experience in launching UCA-Japan can be duplicated in other countries.

So, one could say, Webb is cheerful about the future. And why not?

Cheryl Rodgers is a free-lance writer in Memphis, Tenn.

Building In The Round

By Dorothy Elizabeth Brooks

Newly divorced and financially squeezed, David Straight borrowed \$23,000 from a former business partner in 1983 to begin making and marketing a distinctive, round home. A manufacturer of such a dwelling had just gone bankrupt, but Straight had a hunch that by modifying the design and the marketing, he could be successful.

In the 11 years since he bought the rights to the round design, Straight's business, Eagle's Nest Homes, has built houses in all 50 states and beyond, and he expects revenues will exceed \$20 million this year.

Eagle's Nest Homes is headquartered in Canton, Ga., a small town northwest of Atlanta with picturesque mountain views. As the company's chief executive officer, Straight presides over 21 employees, all of whom are paid a salary and a bonus based on sales, an incentive that he says has helped to keep the company profitable every year.

Straight brought considerable experience in housing to the Eagle's Nest venture. He worked his way through college as a construction laborer and later served as marketing chief for a company that sold log homes. He also has what he describes as a good mind for engineering and an affinity for knowing what people want.

"I thought there were enough avant-garde-thinking people in the United States who were tired of the square or rectangle who would be interested in this type of home," says Straight, who is 51 and lives in one of his company's products.

In the two-story models, the second floor overhangs a smaller lower level, making the homes more adaptable to a difficult terrain. A pagoda-style roof allows for a cathedral ceiling as well as effective air circulation.

A distinguishing feature of the Eagle's Nest Home was a computer that monitored climate control, a security alarm, and other functions. The system has since

become optional to allow homeowners to choose other technologies.

Virtually everyone who buys one of the homes must hire a builder to construct it; because all of the basic parts have been manufactured, however, the process is expedited. After the components are delivered by truck to the customer's lot, the typical house can be ready for occupancy in 60 to 75 days, according to Straight.



PHOTO: S. MICHAEL KEZIA

Eagle's Nest Homes founder David Straight has built round-style homes in all 50 states as well as abroad. He lives in one himself.

The price of an Eagle's Nest Home, including land and building costs, ranges from \$80,000 to \$200,000.

At first, outside manufacturers made the so-called panelized homes to Straight's specifications, but it soon became clear he could profit more by making the product himself. In 1984, he began construction of his own plant, in Greenwood, S.C., an area that was ideal because of its lower labor and transportation costs.

As unusual as the round house is, the most innovative aspect of Straight's company may be his marketing strategy. The homes are advertised along with the offer of an economic opportunity: Buyers of Eagle's Nest homes can make money if they sell others on the idea. Therefore, most of the roughly 500 sales representatives live in homes they have purchased as

primary residences and sell Eagle's Nest houses on the side while maintaining other full-time jobs.

"They have regulations they have to follow in terms of using our company name," says Robert Nix, president of Eagle's Nest Homes, "but we do not control in any way how they run their business."

The homes, which are based on classic Asian architecture, have attracted considerable interest overseas. A man from France liked the Far East flavor so much that he had two of the houses built in Japan, where he was living. Straight has also put up homes in the Caribbean,

Australia, and Europe, where he sees strong potential for earnings.

Straight has built scores of circular buildings for commercial use, and he has begun to experiment with new home designs. There are now 28 styles to choose from, including a line of higher-priced, traditional homes whose only resemblance to the original round homes is that they are also factory-built.

With his continued emphasis on marketing, Straight's latest project is a television advertising blitz under way in 50 U.S. cities. The campaign is designed to fuel growth, enhancing the company's name recognition while attracting new representatives and buyers.

"Television is a powerful medium," Straight says. "If I can get the numbers to work the way I need them to, I think our sales will be even larger."

Dorothy Elizabeth Brooks is a free-lance writer in Marietta, Ga.

WHY IT'S FAIR TO ASK MORE OF RAM VAN THAN YOU WOULD OF OTHER WORK VANS.



Chances are, you ask more of yourself than you would of others. We think you should be able to apply the same standard to your work van. And with Dodge Ram Van, we think you can.

Ram Van's available 360 cubic inch, 5.9L Magnum V-8 outpowers comparable V-8s with an impressive 230 horsepower and 330 lbs ft of torque.



Dodge can carry more weight than the others, too. With a maximum available payload capacity that's greater than Ford, Chevy or GMC. And depending on the model you choose, Dodge Ram Van has more maximum interior cargo length and volume than Ford Econoline. Add the fact

that with Dodge Ram Van B-150, your starting price is lower than any van in its class¹ and it starts to sound pretty convincing.

But the true measure of a work van is in more than just the numbers. It's in how well it works for you. Ram Van satisfies your job needs with a choice of three body lengths. To maximize ease of loading and unloading, Ram Van offers more door combinations than its competitors. You get to choose from double side doors or a sliding side door. And from double rear doors or a single rear door (a feature Ram Van is the only full-size van to offer). And, because you can always use an extra hand, all of Ram Van's double hinged doors feature caliper latches that can be opened with just a single hand.

You'll find Dodge Ram Van performs

just as well on the road as at the job-site. For 1994, retuned gas-charged shock absorbers combined with a standard front stabilizer bar give you improved ride and

handling. Variable-ratio power steering minimizes effort in tight steering situations, while providing a firm on-center feel. And rear-wheel anti-lock brakes are standard.

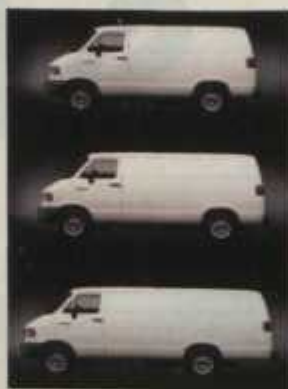
Matching Ram Van's warranty choice is one task no other work van is up to. With its standard Owner's Choice Protection Plan, you get 7-year/70,000-mile powertrain protection or 3-year/36,000-mile bumper-to-bumper coverage.²

HARDWORKING VALUE

By now it must be obvious that Ram Van really works for you. So, you'll be happy to know it's available at a price that'll work for you, too. We're offering a Ram Van Tradesman package that discounts the options you look for in a work van. Including items like an extra capacity fuel tank, heavy duty shocks and more.

For details and more incentive information, call 1-800-WORK RAM.

¹ Base MSRP comparison. Standard equipment levels vary. ² See limited warranties, restrictions & details at your dealer. Excludes normal maintenance, adjustments & wear items.



RAM VAN



THE NEW DODGE

A DIVISION OF THE CHRYSLER CORPORATION

COVER STORY

How To Buy Business Software

By Ripley Hotch and Jon Pepper

As director of records management for a private hospital in Brevard, N.C., David Stuecher faced a problem familiar to most small businesses: too much paper.

The 100-bed facility was being inundated with 600,000 pieces of paper that patients, doctors, nurses, other hospital staff members, insurers, and vendors generated each year. A set of shelves 35 feet long and 7 feet high was needed to store patients' records for the past seven years—the legal requirement.

Transylvania Community Hospital was spending substantial sums not only to warehouse the growing mountain but also for the time that staff members spent retrieving individual documents.

Taking up the challenge, Stuecher brought in a local systems-integration firm to bring electronic order to his records. Stuecher's department now uses a network of 10 PCs and 11 CD-ROM drives on which data can be written as well as read.

The software at the heart of the new system is FileMagic from Westbrook Technologies, in Westbrook, Conn., and several widely available Windows applications. FileMagic is a data-base program that allows Stuecher's staff to capture a picture of every piece of paper, store it exactly, and retrieve it according to a number of criteria.

The hospital's experience was just one of many examples of the critical role that software, along with the right hardware, can play in solving business problems.

Georgia Trane Heating and Air Conditioning of Atlanta encountered another kind of paperwork problem. The firm had been making do with a word-processing program that was little better than a typewriter. "It didn't enable us to duplicate company forms," says Darren Klein, a sales associate who is also the in-house expert on the company's new word processor, Lotus Development Corp.'s Ami Pro.

To determine a price to be quoted to a customer, a sales person had to type in column format, find the corresponding form, load it into the printer, and hope



PHOTO: S.K.D. LAWSON—BLACK STAR

At Transylvania Community Hospital, CD-ROM disks have replaced the now-shredded paper formerly managed by David Stuecher and his staff (clockwise from top left): Brenda Taylor, Kathy Tinsley, Stephanie Laws, Lynn Sprouse, and Edith Lance.

Expert advice on choosing programs that can make your small company more productive



that the text and numbers came out in the right blanks.

The company wanted to stop stocking preprinted forms, save on form-loading time, and improve the inherently sloppy appearance of the final printed product. Ami Pro, which is a Windows-based word processor, allows the staff to put the company logo and other graphics on the screen as well as answer a list of questions about the particular job. Then the final work can be sent over the network for printing on letter-quality paper.

Users of the equipment at Georgia Trane are also learning why almost all versions of the newest generation of software use Microsoft Corp.'s Windows. It simplifies and standardizes many things: a program's appearance, the keys that are used to carry out many functions, and the functions themselves. Not only is the new software more capable in what it can do, but because it is consistent from program to program, it also makes training faster and less expensive.

Windows versions of software for all of the important business categories—word processing, accounting, spreadsheets, and data bases—are giving small businesses the power to be as efficient as large ones.

The popularity of Windows has come at the expense of DOS, an earlier operating system, which requires users to type in cryptic commands to execute even simple computer tasks such as copying files. Windows is a graphical user interface (GUI). GUIs are operating systems that use small cartoons called icons to represent documents, programs, or commands. To initiate actions, the user—instead of typing commands on a keyboard—clicks on the icons by using a hand-held device called a mouse. Windows programs will eventually make it easier for small businesses to devise programs specific to their own needs, without having to go to an outside programmer.

Many small firms are also turning to "integrated" software (generally having "works" in the name, suggesting it can do

many things well). Microsoft Works, Claris Works, the new WordPerfect Works, and any of several other integrated programs contain very capable basic versions of the major software categories and may be all that a small firm needs for the basic functions performed most efficiently with a computer.

Version 3.0 of Microsoft's offering in the integrated software category is especially powerful. Novice as well as professional users could use this package (list price \$139) to perform most word-processing, data-tracking, financial-analysis, and communications chores capably. It's flexible, powerful, and, best of all, easy to use.

Also increasingly popular are application "suites," which are bundles of more powerful versions of the applications found in the "works" packages and some others, such as presentation graphics. (See "How Suite It Is," below.)

Values are good in every area of business software because power is in-

How Suite It Is

The fastest-growing software category is the office "suite," a bundle of powerful business programs. They include word processors, spreadsheets, and presentation graphics at a fraction of the cost of the same applications bought individually.

Currently, there are three of these suites: Microsoft Office 4.2, Lotus SmartSuite 2.1, and Borland Office 2.0.

All of them are run under Microsoft Corp.'s Windows graphical user interface. A GUI is an operating system that uses small cartoons called icons to represent documents, programs, or commands.

List prices range from \$595 for Borland Office to \$795 for Lotus SmartSuite, but discount retail prices are well below \$500, and most computer users will qualify for the "upgrade" prices of less than \$300.

Microsoft Office includes Excel 5.0 (spreadsheet), Word 6.0 (word processor),

PowerPoint 3.0 (presentations), and a one-user license for Mail (electronic mail). Microsoft Office Professional includes version 2.0 of the Access data-base program.

Lotus' Smart Suite includes 1-2-3 version 4.0 (spreadsheet), Ami Pro 3.0 (word processor), Freelance Graphics 2.0, Approach 2.1 (data base), and Organizer 1.1 (personal information manager).

Borland Office includes Quattro Pro 5.0 (spreadsheet), Paradox 4.5 (data base), and WordPerfect 6.0.

The idea behind these packages is that programs written by one company will operate better together. That's certainly true of the Microsoft Corp. and Lotus Development Corp. offerings, but not of Borland Office, which combines programs from two different companies (Borland International and WordPerfect Corp.).

Also, the Borland Office suite will change in the future: Borland's data base and spreadsheet have been bought by

Novell Inc., the industry-leading networking software company. Novell has also bought WordPerfect Corp. What suite may result following these acquisitions is not yet clear.

Is a suite the way for you to go? That depends on what you need. If you need more than one program in a suite, then clearly you'll save money by purchasing them in bundled format. Keep in mind that you will not have to load every one of a suite's programs.

If you have no favorite programs, we suggest Microsoft Office. The integration of its component parts is exceptional, drawing from Microsoft's experience in developing the Windows interface under which the Office programs run. Moreover, if you have just about any old word processor, spreadsheet, or graphics program, you'll qualify for the upgrade price, which we've seen as low as \$230. And considering the power and elegance of the Office programs, that's a steal.

COVER STORY

creasing while prices are falling rapidly.

You can successfully choose software in several categories for managing at whatever level of complexity you choose. Several fine programs are described below under the five critical categories for small businesses: word processing, accounting, spreadsheets, data bases, and utilities (programs for other tasks):

Word processing



ILLUSTRATIONS: RICHARD GAGE

The first application for PCs and, therefore, the most mature is word processing. It is also the most-used business program.

The big three of Windows word processors are Microsoft Word for Windows, WordPerfect for Windows, and Lotus Ami Pro. Each lists for \$495.

These software giants—Microsoft, Lotus Development Corp., and WordPerfect Corp.—have labored mightily to produce first-rate word-processing programs, and they have succeeded. All three programs now include so many features that it is likely that any of them would work very well for your business. Yet there are differences in how they function, and these differences may have a significant impact when you decide which one to purchase.

While all three require a lot of hardware capacity to run well, WordPerfect requires the most and Ami Pro the least. Don't consider using WordPerfect for Windows unless your PC contains at least an 80486 microprocessor, 6 megabytes (MB) of random access memory (RAM), and a 200 MB hard drive. A less capable PC will yield sluggish performance.

If your PC has that muscle, WordPerfect goes far beyond word processing to include very good spreadsheet and database functions that might take care of both of those requirements for the average small business. It also handles mail merge—allowing the printing of names and addresses on form letters and envelopes—better than its competitors.

Word for Windows and Ami Pro leave data-base and spreadsheet functions to their cousins in their respective software suites. That means they take up less space in your computer and require slightly less power to run at peak efficiency.

In configuring these programs for yourself, you can easily change icons,



PHOTO: ©FOREST MUMALL—BLACK STAR

Custom accounting software helps Neil Chernick, controller of Media Drop-In Productions, manage inventory in this Rochester, N.Y., warehouse and others.

buttons (icons that look like buttons), tool bars (rows of buttons), and all of the other features that Windows programs crowd onto the screen. The easiest to customize is Ami Pro, but the most flexible is WordPerfect.

File handling is a big issue for most businesses. WordPerfect clearly provides the best way to handle files; you can use long descriptive names and alphabetize them. It is easy to set up subdirectories and to move and rename files. A result is that you can implement your own filing system that is easy to follow. Ami Pro is also good at file management; Word for Windows is less adept at this.

Word is strong in sensing what you want to do and helping you along. For example, you can enter words you commonly misspell in a dictionary using this program, and Word will correct them automatically. Word can also take a chunk of raw text and format it, giving you pretty close to what you will likely want.

The "ideal" word-processing program hasn't been written yet and probably can't be, as everyone will want some other capability that a program doesn't include. But in the Windows arena, any one of the big three is apt to satisfy your needs.

If you aren't committed to Windows, however, you'll be happy to know that good DOS word processors remain available. Of them, our favorites are Professional Write 3.0 and WordPerfect 5.1+.

Professional Write, from Software Publishing Corp., has a list price of \$249 and offers users of earlier versions of the program an "upgrade" price of \$65 (which will probably also be the discount retail price). The program offers a straightforward way to produce good-looking basic documents, and it doesn't have a lot of

extraneous features to get in your way.

WordPerfect 5.1+ for DOS is aimed at individuals and companies with less powerful machines who nevertheless want solid word-processing with good printing capabilities. This product can convert files created with WordPerfect 6.0 for DOS and Windows, handles fax and electronic mail (e-mail), and adds a new file manager and some utility software. Otherwise, the features and commands match those of the old office favorite—WordPerfect 5.1 for DOS. The new program still requires only 5 MB of hard-disk space and less than 1 MB of memory, and it will run even on ancient IBM XT-compatible computers. The list price is \$129.

Accounting



It does no good to have everything else in order if you don't know how much money you have, are spending, are owed, or are likely to make or lose.

Keeping track of the books is the mission-critical function for a small business. Nonetheless, most small-business people have left book-keeping and accounting to their CPAs or accounting staffs, because financial pro-

Is there a computer network I'll never outgrow?



Not many companies have a goal of holding down growth. Yet, that can actually happen when critical parts of your business can't keep pace.

Introducing Personal NetWare™. It's a starter networking product from Novell

that lets small groups tap into the capabilities of networking, yet doesn't restrict growth as those benefits pay off.

As Novell designers were creating the world's most popular and powerful networking products, others at

Novell were using that same technology to develop an easy-to-use network muscled up for small business.

Using the computers you already own, you share any combination of servers, files, printers and CD-ROMs.



Personal NetWare is an easy-to-use, expandable network that your company will never outgrow.

Plus, there's support for all kinds of work-group software including e-mail and databases.

The best business decisions just keep on getting better. Personal NetWare is one decision that definitely won't cramp your style.

Call 1-800-554-4446 for a free demonstration disk, or get the facts by fax at 1-800-NETWARE, request document #9017.



NOVELL. The Past, Present, and Future of Network Computing.

COVER STORY

grams long have remained arcane and difficult to use.

But that has changed recently thanks to the positive influence of consumer-finance software like Intuit Corp.'s Quicken and the small-business accounting programs of Peachtree Software Inc., which have made business accounting easy and unimpeachable.

These popular programs put financial information in the hands of the masses and encourage many very small businesses to do it themselves, not merely to save money (most still turn tax preparation over to an accountant) but also to enjoy the ability to see their financial status at the press of a key.

Now many software companies, with an eye toward the huge market of businesses with fewer than 25 employees, have come forth with some amazing programs at stunningly low prices—almost all with list prices of about \$180 and discount retail prices of nearly half that.

Which you choose depends on how deeply you want to be involved in managing financial data. For information purposes and simple check writing, Intuit's QuickBooks for Windows and DOS is by far the most popular—and with good reason. It uses the same intuitive check-book and register metaphors as its personal-finance cousin Quicken, which makes keeping the books a breeze. It has excellent reports, and you can customize them in many ways. There are graphs galore, and if you are faithful in entering data, you can gain real insight into business performance.

QuickBooks does its best to automate everything. It was the first to offer a good way for small retail businesses to account for automated credit-card transactions at the point of sale (particularly for American Express).

What makes QuickBooks appealing to many users is the degree to which it saves typing and data re-entry. Typing a few characters will bring up a customer's name, with address and the amount of the client's last transaction, on an invoice or a check, and with the transaction attributed to the proper accounts. This saves much time, and other programs are moving to emulate this ease of use.

The drawback is that QuickBooks does not follow GAAP (Generally Accepted Accounting Principles), in that you can delete transactions without leaving an audit trail. Professional accountants find this disturbing. Also, you cannot manage an inventory of significant size with QuickBooks.

Other fine Windows entry-level programs are Microsoft's Profit, Microrim Inc.'s In the Black, and BestWare's MYOB. These, like QuickBooks, are designed for the small business in which the owner wants to do the bookkeeping without having to learn accounting. All of them

perform as advertised and come with clear, concise manuals. Each conforms to GAAP.

MYOB is the Windows version of a popular Macintosh accounting program. Because of its Mac heritage, MYOB has the graphical user interface down pat. It is not as automated as QuickBooks, but it handles inventory well.

In the Black is a new entry that combines small-business accounting capability with features of Microrim's respected "R:Base" relational data base. The company has given In the Black an aggressively low list price of \$89.95, and discount retail prices will certainly be much lower. In the Black is well-automated and gives you the advantages of a relational data base. In an interesting

for the version shipped on compact disks with read-only memory (CD-ROMs), Peachtree is a bargain.

There is a point in the lives of some businesses, however, when even the most powerful off-the-shelf accounting packages will not work anymore. When your accounting tasks become highly complicated, use a network, and require modifications in your software to meet the needs of your business, you will need to go to a specialist. That was the situation facing Neil Chernick, controller of Media Drop-In Productions Inc., an 11-person company in Hartford, Conn.

Media Drop-In fulfills second-chance lotteries for four states. These lotteries give players who do not win the grand prize a chance to win compact disks or



PHOTO: CHRIS STERNBERG—BLACK STAR

To oversee daily operations at Camelot Enterprises, a Midwest record-store chain, Jay Chapman, information-center supervisor, uses Lotus 1-2-3.

twist, In the Black allows you to choose whether you want to use accounting language or lay terms such as "categories," and you can change from one to the other as you wish.

In the Black is also the only accounting program that allows the user to combine business and personal financial management. The sole proprietor can easily use features of personal-finance packages, like a loan and retirement planner, offered by the program.

As you go up the ladder to fully functional small-business accounting programs for use by a separate accounting department, you'll probably join the majority of companies that use Peachtree Accounting for DOS or Windows. Peachtree has everything you need, including payroll and inventory capability, and it can operate on a network. At \$169

videos with their losing tickets. This business gives Media Drop-In a complex inventory-handling situation.

"We could have a couple of hundred thousand names of lottery players in each state and carry a couple of thousand titles" in our inventory, says Chernick. "We have over a million records at one time" in our company's data base, he says. Not only that, the company has prepayments to make on its inventory, and it needs to know what inventory was received but not yet billed. It also needs to know, item by item, what goes out the door, and it must determine the cost of sales, bill for the correct items, and keep track of fulfilled tickets for states participating. With a total of about 800,000 items in inventory, tracking can be a nightmare.

The company has decided to use SBT Accounting Systems, a Sausalito, Calif.,

"THE MOST RELIABLE COPIER EVER TO PLAY THE GAME JUST GOT BETTER."

RICK PITINO, CHAMPIONSHIP COACH

Whether you're crashing the boards or chairman of the board, you need a big producer you can rely on. In business, that's a Sharp Master Series high-volume copier/duplicator. The SD-3075 is the most reliable high-volume copier ever tested by Buyers Lab. And at 75 copies per minute, it was the first copier tested that produced over a million copies without any unscheduled service.



FREE VIDEO

From this winning tradition comes the new SD-3062. It produces 62 copies per minute and finishes multiple sets of documents at the touch of a button. All of which saves time and ultimately, money.

To see how the right Sharp copier can be a big time player for you, call for a free copy of Sharp's new Winning Game Plan Video.

Or fax 1-800-3-SHARP-3.

**YOU NEED A WINNING GAME PLAN.
CALL 1-800-BE-SHARP**



SHARP
FROM SHARP MINDS
COME SHARP PRODUCTS™

LCD

COPIERS • FACSIMILE • LASER • PLOTTERS • MONITORS • COMPUTERS • COLOR MONITORS • CASH REGISTERS • CALCULATORS • WIZARD® ORGANIZERS

© 1994 Sharp Electronics Corporation • Models Shown: SD-3075, SD-3062 • Buyer's Laboratory Inc. is an independent testing firm. Sharp is a registered trademark of Sharp Corporation.

Circle No. 85 on Reader Service Card

COVER STORY

company that wrote its program in a nonproprietary code that can be altered by the installer as a client company's needs change. Even a small system can benefit from this custom approach, says David Engelhardt of Advanced Technical Support Inc., in West Hartford, Conn. The firm provided and installed the SBT system for Media Drop-In. "We work off two axioms: Every company is unique, and every business grows in complexity over time," he says.

David Harris, marketing manager for SBT, offers some important advice for smaller businesses seeking to have a system installed: Look for some kind of local expertise in the product; look for a flexible package that can be tailored to your business; and buy an accounting system that employs industry-standard technology. (SBT offers a number you can call for the name of a local installer: 1-800-944-1000.)

Spreadsheet



The first widely used spreadsheet, VisiCalc, is but a distant memory, but spreadsheets remain one of the largest and most important categories of business software.

Three spreadsheet programs top today's popularity charts: Microsoft Excel, Lotus 1-2-3, and Borland International's Quattro Pro. (Again, all are available as part of their respective companies' suites.)

While you can certainly find cadres of users who will be happy to debate the relative merits of the three, all are excellent, useful, and sophisticated programs that can handle any imaginable spreadsheet task. Although there are some subtle differences, the odds are you can be happy with any one of these fine pieces of software.

Microsoft Excel 5.0 (\$495 list price) is the most recently updated. It contains plenty of new features and ease-of-use additions. Microsoft makes excellent use here of its "Wizards"—automated aids that can lead you through tasks a step at a time. Microsoft puts Wizards in all of its new software releases and has altered the user interface of most of its programs to have the same icons in the same places performing the same functions. There-



PHOTO: GEORGE OLSON

Sales specialist Craig Phillips, right, of CAP Marketing Services, says ACT! organizes contacts with customers such as Mark Tuttle of Allied-Sysco Food Services.

fore, Excel bears a strong physical resemblance to Microsoft's popular Word for Windows word processor and Access data base.

Excel 5.0 sports far more features than could be mentioned here. Overall, we found Excel 5.0 to be a speedy, stable, and full-featured spreadsheet that handles on-screen and printed output with aplomb.

Lotus' 1-2-3 Release 4.01 for Windows excels at handling "what-if" scenarios. It features a new Version manager that enables users to share information over a network and track data over time. Like Excel, Release 4.01 has all of the financial and calculation features you could want, along with plenty of features to dress up your work for either on-screen presentations or hard-copy output.

We also like the new Multimedia Edition, which is delivered on a CD-ROM and adds a multimedia-based SmartHelp feature with an animated guided tour and help function and a complete set of the documentation. Both versions are \$495.

At Camelot Enterprises, a chain of record stores in the Midwest, Jay Chapman, the company's information-center supervisor, uses Lotus 1-2-3 to help oversee daily operations. Although managing Camelot's extensive inventory requires minicomputer-based software, desktop PCs handle a wide range of other key functions, he says. "We use 1-2-3 for a lot of accounting-specific business tasks, from tracking sales store by store to sorting warehousing data and other types of analytical information on the retail end," says Chapman.

Borland's Quattro Pro 5.0 for Windows is remarkable largely in that it matches Excel and 1-2-3 almost feature for feature, yet it sells at discount outlets for less

than \$45. Borland does offer a more robust version (the Workgroup Edition) at \$495 for users who need to share data over networks. Quattro Pro has hundreds of analytical functions, better graphics capabilities than either Excel or 1-2-3, and perhaps the best links to outside data bases like Borland's own Paradox.

One note: You'll need 10 to 15 MB of hard-disk space and 8 MB of RAM to run any of these spreadsheets effectively.

Data Base



Whether your data base contains your customer information, inventory records, accounting data, or real estate for sale, this information can be the lifeblood of your company.

Although many smaller businesses still keep records on filecards or the like, computerizing your data base makes it easier to gain access to records and to update them and make them more accurate—in short, make them more valuable as a business tool.

There are plenty of excellent offerings in this software category, and the program you get should have more to do with what your business needs are than with

the capabilities of the software itself. That is, it would be overkill to get a sophisticated relational data base—which pulls information from different files and combines it in whatever way the user wants—when all you want to do is manage a few customer contacts. Conversely, a customized inventory and payroll system will overwhelm a simple Rolodex-type program.

For those who need an industrial-strength data base, Lotus Approach 2.1 nicely balances relational power with relative ease of use. (It is part of the Lotus Smart Suite.) You can work with up to 10 different data bases at once, prepare many reports, and access data stored in other data bases (on mainframes, mini-computers, etc.). Network-ready right out of the box, Approach also includes templates for common business tasks. Approach is available at discount retailers for less than \$100.

Another product that contains ample data-base power but is still not too complex for most business users is FileMaker Pro 2.1 from Claris Corp. FileMaker Pro's layout tools let you tailor data-entry screens to your liking. Its scripting tool enables you to automate routine operations. Like most other data-base programs, FileMaker Pro also has plenty of output options for your data, with preformatted layouts for mailing labels, reports, and so on.

One plus for FileMaker Pro is that the program is available in both Windows and Mac formats, so you can share files with users on other platforms by either exchanging disks or sending information over a network. FileMaker Pro retails for about \$120.

Sometimes, however, even a relatively small business has to go for more data-base power, as was the case with Transylvania Community Hospital when it was threatened by a torrent of paper.

Such power isn't cheap: Westbrook's FileMagie software runs \$3,495 for a configuration like Transylvania's, though you can get a single-user version for \$595. (Westbrook can be reached at 1-800-WHYFILE, or 1-800-949-3453.)

But what if your data-base needs are limited to organizing your personal information, such as contacts, addresses, projects, and so on? While you can create your own personal information management system in a data base, you would probably be better off with one of the many personal information managers (PIMs) on the market. While early versions of these programs were often more trouble than they were worth, the advent of the graphical user interface makes working with them a lot easier. Once you have keyed information into the program (your contact address, phone list, and so on), you'll likely find that it is much easier to keep track of and use.

One of our favorites is ECCO, from Arabesque Software Inc. ECCO integrates a PhoneBook view, Calendar view, and Outline view with Folders so you can organize your work in any number of ways. Folders lets you collect related information by any criteria you wish.

ECCO also has an unusual feature called the Shooter, which lets you send information you need to and from ECCO with a click of the mouse and without leaving the application you are in. Version 2.0 also includes group scheduling features, multiple-user shared calendars, and support for all leading network platforms. List price is \$279.

Another worthwhile PIM is Polaris Advantage. Polaris has a PIM called PackRat 5.0, which is a full-featured program like ECCO.

Advantage, however, is designed to offer the most-needed features with an easier interface and for less money (\$149 list). Advantage includes contact management (phone, address, etc.), a calendar and scheduling facility, a to-do list, and a file management system for all of your Windows files.

A noteworthy new arrival is InfoCentral by WordPerfect. This program, which functions both as a full-featured PIM and a robust contact manager, is noteworthy for its ability to organize in a coherent way different types of information, such as people, places, things, and events. A unique feature is the program's outline view, which makes it easy to view connected data in an intuitive outline format. This program does it all for a list price of \$139.

For pure contact management, the leading program remains ACT!, from Symantec Corp. ACT! has evolved over the years as a superb tool for salespeople or anyone who needs to manage business relationships. This software can store a contact history with details of previous conversations, schedule meetings, dial your phone, connect to e-mail, and print out letters and memos (a word processor with 30 templates is built in). It also includes a to-do list, a report generator, and other features.

The program is designed to be shared by multiple users on a network and, therefore, contains safeguards such as file sharing, record locking, password protection, and the ability to define activities as public or private.

If your primary activity is sales, ACT! is an unparalleled tool. The list price for version 2.0 for Windows is \$279.95 for a single-user version and \$799 for a four-user network pack.

Craig Phillips, a sales and marketing specialist at CAP Marketing Services, in Belmont, Calif., says ACT! is the key to doing his job well. "The first thing I do in the morning is look at ACT!," says Phillips. "It tells me what I need to do for the day, has all my contacts, my activity

plan, and other information, so I don't have to worry about it, remember it, or put it on paper," he says.

Although any of the above-mentioned programs can work wonders for organizing your personal and business data, it should be noted that they are not panaceas that will instantly transform your business into a finely tuned, smoothly running organization.

For instance, the data-base programs may require either an in-house or contract programmer to set up a full-fledged and complex record-keeping system. And the PIMs require that you invest time in entering your data into your computer. After an initial investment of money and time to set up and learn how to use these programs, however, you are likely to find them indispensable tools.

Utilities



What's left in business software after word processing, accounting, spreadsheets, and data bases? Quite a lot, actually.

The four main software categories may dominate sales, but that still leaves communications, graphics, and other small-business functions to deal with. For the sake of convenience, we've grouped all of these under the heading of utility software.

Not every business needs all of these programs, but the odds are strong that at least some of the software here can pay strong dividends at your company.

Communications. Just as with other categories, the trend in communications software is for a single program to have inclusive capabilities, covering general telecommunications (such as e-mail), fax, and other services.

Perhaps the best example is CommWorks for Windows, from Traveling Software Inc. CommWorks has five separate communications functions: TS Fax (for facsimile send and receive), TS Online (for general telecommunications and access to information services such as CompuServe, America OnLine, and Prodigy), LapLink Remote Access (for access to printers and files on a remote PC from your notebook PC), LapLink V (the renowned file-transfer package), and LapLink Alert (for notification that files,

COVER STORY

messages, or faxes have arrived on your PC from a remote location).

CommWorks performs equally well on desktop or notebook computers, and it enables you to install all modules or just the ones you need. An excellent value and fine package, the retail price is \$229, with discount prices at about \$135.

For those looking exclusively at PC fax software, Delrina has recently upgraded its flagship program, WinFax, to WinFax PRO 4.0. With this software and a fax/modem (either internal or external), your PC can handle all functions of free-standing office fax machines and many that stand-alone fax machines cannot accommodate.

You also can convert faxes (which come in a graphic format) into editable documents with the built-in optical character recognition (OCR) capability, forward faxes to another location, annotate faxes, maintain custom logs, design cover sheets, and deal with e-mail transmissions.

Easy to use and intelligently designed, WinFax PRO 4.0 can make your PC into a more useful tool. Clearly, this is the best PC fax program currently available. List price is \$129 with discount prices about \$80.

Presentations. Unless you never pitch new business, the odds are that either you or someone in your company will have to make presentations from time to time. Using a presentation-graphics program can help you present to your customers a more professional, capable face, whether you are doing an on-screen slide show, making slides for overhead or standard projection, or simply printing out a sharp-looking presentation as a leave-behind on a sales call.

Of the numerous products that handle this job, one of our favorites is Astound for Windows 1.5, from Gold Disk Inc. You can begin a new presentation by entering your thoughts and the points you need to make on an outliner that looks like a legal pad (yellow background and ruled lines).

Once you have the basic text set, you can then choose from one of the preset templates that handle all artistic decisions, such as font size and color, backgrounds, and so on. You can resort your slides, print speaker notes, or create a self-running, on-screen show.

Astound excels at adding multimedia features, including animation and sound (the program comes with a CD-ROM that has lots of multimedia clip art). At \$399 list, Astound is a top-notch program that rivals the best presentations graphics programs from much larger rivals.

If there is one program that meets or exceeds the capabilities of Astound, it is Lotus' Freelance Graphics for Windows (version 2.01). Freelance pioneered the on-screen, legal-pad outliner as a text-

entry metaphor, and the current version comes with dozens of superb templates to create striking presentations, including clip art. While its power is a match for any presentation-graphics program, we've found that Freelance is still the easiest to learn and use—even if you only deal with the program occasionally, and we highly recommend it. Freelance has a list price of about \$495 as a stand-alone product, and it is part of Lotus' SmartSuite.

Scanning. One of the most powerful software applications that is still drastically underused is OCR technology. Paired with a good scanner, OCR software can help you put reams of data into computer format without typing, saving you countless hours of labor.

Caere Corp.'s OmniPage Professional 5.0 can read almost any type of text or graphics of any size from 6 to 72 points. And the program reads it in any style: columns, reports, magazine articles, and so on.

Even if the original has a mix of material—text, graphics, numbers—OmniPage can sort through it all with uncanny accuracy. Now you can enter order forms, clipped articles, reports—anything you can put on a scanner—into your PC quickly and easily, and turn it into useful information. OmniPage lists for \$695 and sells for about \$500 at discount outlets.

Where To Buy Software

Need some help finding the best source for software?

Plenty of discount retail chains, with locations listed in the phone books of many U.S. communities, handle most of the top-selling programs. These retailers, which generally offer first-rate service as well as competitive prices, include Babbage's, CompUSA, Computer City, Egghead Software, Office Depot, and Staples.

Or you can order via phone from numerous mail-order discounters, the best of which also are service-oriented and price-competitive. A few of the leading mail-order software vendors are:

- CompuClassics: 1-800-733-3888
- Dustin Discount Software: 1-800-274-6611
- Global Computer Supplies: 1-800-845-6225
- Insight: 1-800-998-8042
- MicroWarehouse: 1-800-367-7080
- PC Connection: 1-800-800-5555
- PC Zone: 1-800-258-2088
- Tiger Software: 1-800-888-4437

Voice Recognition. If you're really tired of typing, you might consider Verbox Voice System Inc.'s new Listen for Windows, a \$99 software-only speech recognizer. If you have a sound card installed and a sufficiently fast PC (a 486 that runs at 66Mhz or better), Listen for Windows 1.2 lets you command your PC by voice. Moreover, Listen for Windows can actually decipher commands spoken at a normal conversational pace.

The program is shipped with speech interfaces for several popular programs, including Lotus SmartSuite, Microsoft Office, CorelDRAW 4.0, Quicken, and several others. And third-party speech interfaces are currently available for WordPerfect 6.0 for Windows and Aldus PageMaker, with more on the way.

Management Tools. Personal computers are powerful enough to begin running management-assistance software that has up to now been unavailable to smaller businesses at a reasonable cost.

We especially like ManagePro from Avantis Performance Systems Inc. Although not a conventional PIM or data base, ManagePro is the only program of its kind in that it combines some traditional PIM and data-base functions with focused management tools.

The program lets you manage goals, people, and projects with calendars, project tracking, and so on. What makes ManagePro unique, however, is the inclusion of an "expert system" with tips and techniques about planning, delegating, rewarding, and managing workers. In all, it's an extremely interesting program that sells for only about \$240.

On the higher end, a program from Decisis (707-829-1881) called InCompliance is a \$25,000 base price "expert system" that gives you sound legal advice based on broad employment-law principles. There are many potential legal pitfalls in hiring, firing, disciplining, and promoting employees, and human-resources departments have become hard-pressed to keep up. InCompliance requires some hefty hardware to run effectively (for example, it requires at least 1,000 MB of free hard-disk space), but it can save a lot of calls to legal experts.

Another version of human-resources management software comes from Paradigm Software Development (1-800-967-5947). Paradigm's WorkWise Employee File is a system for tracking employee data to protect employers against wrongful-termination and discrimination suits. It starts at \$395 for a single-user version, but it does not provide the depth and breadth of expert advice provided by InCompliance. ■



To order a reprint of this story, see Page 81. For a fax copy, see Page 74.

REGULATION

The Growing Ranks Of Enviro-Cops

By Laura M. Litvan

Each year hundreds of recruits flock to the Federal Law Enforcement Training Center in Glynco, Ga., for instruction in firearms use, high-speed car maneuvers, surveillance, and other skills. Most of them typically go on to new jobs with the Drug Enforcement

assigned to 10 regional offices around the country. Under current law, the force is to grow to 200 agents in the 1996 federal fiscal year.

Meanwhile, funding for the EPA's environmental-crimes section has soared by 400 percent since 1989, to \$15.6 million

The federal government is stepping up its efforts to enforce criminal provisions of anti-pollution laws.

crimes have risen in recent years, and the EPA—which initiates the vast majority of pollution-related investigations that eventually lead to criminal charges against companies—is seeing its caseload rise. The caseload is growing as the agency's investigative resources increase. (See the chart on Page 30.)

Meanwhile, the Justice Department, which prosecutes the EPA's cases in addition to a smaller number initiated on its own, has been largely successful in court in recent years. Of the 630 defendants in the environmental-crime cases closed over the five years ending May 1993, 91 percent were convicted, according to a recent report by the General Accounting Office, which monitors the operations of federal agencies.

Criminal charges are brought against companies that intentionally violate environmental laws, through such means as shutting off their pollution-control equipment or directing employees to dispose of hazardous waste illegally. Convictions can sometimes result in prison terms and fines.

Lesser violations, such as accidental releases of pollutants, are prosecuted as civil cases; their maximum fines are smaller

than those in criminal cases, and they carry no risk of a prison stay.

The push toward tougher criminal enforcement has triggered debate among lawyers, environmentalists, and business representatives.

Proponents of the move generally maintain that the harsher the punishment, the greater the deterrent. They also say that criminal penalties encourage companies to avoid criminal liability by voluntarily disclosing any unintentional violations.

Bob Adler, a senior attorney for the Natural Resources Defense Council, an



EPA enforcement recruits at a training facility in Glynco, Ga., are taught how to collect sampling data on hazardous materials.

Agency, the Bureau of Prisons, or the U.S. Marshals Service.

But increasingly, some of the recruits are following a different path. After seven weeks of training, they take their freshly honed techniques and put them to work for the U.S. Environmental Protection Agency. Their mission: to investigate companies that might be violating federal environmental laws and to gather evidence that could help the Justice Department prosecute cases.

Since 1989, the size of this environmental police force has almost tripled, rising from 47 agents to 123; most are

this year, with much of the extra funding paying salaries for new agents and support staff. Over the same period, the agency's total budget has risen at a far slower rate—29 percent—to about \$6.7 billion this year.

The rise in the EPA's enforcement budget and staff underscores an important trend in the nation's approach to environmental laws: Increasingly, federal regulators are taking a get-tough attitude toward violators, exposing more businesses and their executives to prison terms and hefty fines.

Penalties for many environmental

REGULATION

environmental group based in Washington, D.C., says that companies convicted of violating environmental laws frequently receive only a portion of the maximum penalties allowable under environmental statutes.

"I definitely don't think we've reached a point where the penalties are too high," Adler says. "There is still massive non-compliance with environmental laws."

But others say tougher regulations can discourage responsible companies from laudable practices, such as conducting frequent compliance reviews and keeping careful records of them. Some managers say they worry, for example, that if they discover a pollution-related problem that would be expensive to correct and if they don't have it fixed immediately, their records could be subpoenaed and used against them.

Charles Ingram, associate manager of environment policy at the U.S. Chamber of Commerce, says that rising criminal penalties give the appearance that the government mistrusts industry, which can fly in the face of the EPA's stated desire to work with industries and to encourage more self-monitoring.

More and more, Ingram says, small-business owners believe they are operating under a cloud of enforcement tools.

Fred Anderson, a partner with the Washington, D.C., law firm of Cadwalader, Wickersham and Taft, says: "In Congress' zeal to criminalize environmental law, we need to be very careful in new legislation that we don't in fact overdo it and create disincentives to sound management in a company." Anderson has worked with companies in developing internal compliance programs.

The move toward tougher environmental-law enforcement was initiated by Congress, not the EPA. Responding to rising public concerns about pollution in the 1970s, lawmakers approved numerous comprehensive laws designed to clean up air, water, and soil, such as the Clean Air Act and the Clean Water Act. In the mid-1980s, Congress began increasing the criminal penalties of these and other environmental laws, including a general type of offense called a "knowing" violation.

The first change came in 1984, when lawmakers reauthorized the major law governing disposal of hazardous waste, the Resource Conservation and Recovery Act of 1970. The maximum criminal penalty for "knowing" violations of that law had been a one-year prison sentence and a fine of \$25,000 per day of the violation.

In the reauthorization, Congress doubled both the maximum fine and the maximum sentence.

Likewise, the penalties for intentional violations rose under other environmental laws. For example, the Clean Air Act of 1970 initially carried a maximum penalty for "knowing" first offenses of a one-year prison sentence, or a maximum per-day fine of \$25,000, or both. But since 1990 amendments to the law were enacted, such first-time violations of the Clean Air Act have carried maximum prison sentences of up to five years and a maximum fine of \$250,000 for individuals and \$500,000 for companies.

When the Clean Water Act was enacted



EPA's Efforts In Criminal Enforcement

Fiscal Year	Agents	Cases Initiated	Referrals For Prosecution
1989	47	120	60
1990	51	112	56
1991	62	150	81
1992	72	203	107
1993	110	410	140
Defendants	Convictions	Sentences*	Fines**
72	NA	27.1	\$12.2
100	NA	75.3	\$5.5
104	102	80.3	\$14.1
150	141	94.6	\$37.9
161	110	74.3	\$29.7

*Total years of sentences for all defendants convicted

**Total fines for all defendants convicted, in millions

SOURCE: U.S. ENVIRONMENTAL PROTECTION AGENCY

ILLUSTRATION: RICHARD GAGE

in 1972, the maximum fine was \$25,000 per day and up to one year in prison for conviction on a first offense. When the law was reauthorized in 1987, Congress raised the penalty for "knowing" offenses to as much as three years in prison and a \$50,000 fine.

With the Clean Water Act up for reauthorization again this year, lawmakers are debating whether to increase penalties further. Bills pending in the House and the Senate would increase the prison sentence for "knowing" violations to five years from three years. Subsequent violations would lead to doubled penalties.

In light of the increasingly tougher environmental sanctions being legislated, Congress in 1990 passed the Pollution Prosecution Act, which mandated that the EPA increase its enforcement staff in stages until it reaches the 200-agent level in fiscal 1996. The point was to bring the agency's regulatory might into line with what Congress expected the agency to do.

In a recent meeting with reporters, EPA enforcement officials detailed how they plan to use that added strength. They noted that the vast majority of EPA cases now stem from alleged violations of the Resource Conservation and Recovery Act and the Clean Water Act, although the agency is stepping up efforts to enforce air-pollution limits under the Clean Air Act amendments of 1990.

Earl Devaney, director of the EPA's environmental enforcement division, says that the agency follows the spirit of environmental laws and that enforcers are not interested in targeting companies that simply make mistakes in compliance data or that voluntarily disclose an accidental release of pollutants and want to correct the problem. "I really want to direct those resources to the most egregious cases," he says.

In a January memo to his field agents, Devaney laid out two general criteria that agents are to use to limit investigations to the most serious cases. First, he wrote, agents are to weigh a case according to "significant environmental harm," either by actual or threatened harm to public health or the environment.

Second, he said, possible targets are to be considered according to "culpable conduct," which may be demonstrated by a history of violations by a company, by falsification of records, by tampering with pollution monitoring or control equipment, or by releasing pollutants without a permit.

Once the EPA opens an investigation, Devaney says, only about one out of every three cases is prosecuted; the rest are dropped, either because the agency has determined that a company hasn't broken any laws or because there isn't enough evidence of intentional misconduct.

But Devaney also says that his agents increasingly are gathering evidence necessary to help prosecutors pursue convictions of managers rather than corporations.

In 1992, for example, 61 percent of defendants in EPA-initiated cases were corporations, and 39 percent were individuals. In 1993, only 25 percent of defen-

dants were corporations, while 75 percent were individuals.

Steve Herman, the EPA's assistant administrator for enforcement, views falsification of compliance reports to the EPA as the most serious type of violation. "That goes to the integrity of our whole environmental system," he says.

Meanwhile, at the Justice Department, Attorney General Janet Reno is working to boost the number of prosecutors to handle the rising environmental caseload. Under a budget request pending in Congress, the agency's environment and natural resources division would add 39 attorneys and 39 support-staff positions next year, partly at the expense of the department's tax, criminal, and civil divisions, which would lose positions.

If the EPA's projections are accurate, the prosecutors will be needed. EPA officials expect that, based on the number of investigations under way, the volume of cases prosecuted annually may double within two or three years. "The more agents we put on the streets, not surprisingly, the more cases we see," says Devaney, the enforcement director.

For some small companies, the government's move to increase enforcement efforts in some instances is creating a fear of approaching the EPA for compliance information, such as technical guidance. For example, at Cen-

"You can't have voluntary disclosure" of environmental noncompliance by companies "if at the same time you're going to whack them over the head with a board like the Punch and Judy show."

—Lawyer Susan Cooke

tral Plastics Inc., a plastics recycler in Greenwich, Ohio, managers must make sure the company complies with such federal environmental laws as the Clean Air Act and the Clean Water Act. The company spends about \$3,000 a year on various publications to help its president keep abreast of changes in federal regulations that affect the company, and he says he does his best to stay on top of changes with these limited resources.

Ohio regulators have visited the work site and, with no threat of a penalty, simply offered managers some useful

advice on how best to keep emission levels low, says Robert Buskey, president of the 25-employee company. But in his view, the EPA is becoming increasingly combative in its approach to enforcing laws rather than acting like a partner that could help him with compliance advice as state regulators do.

"It bothers me," Buskey says of the stiffer federal enforcement efforts, "because it makes us and the government adversaries."

Other small companies are reluctant to put any compliance reviews in writing, because they fear records might be subpoenaed by prosecutors in the event of an investigation, says Kathryn Lonsdorf, an attorney with the Milwaukee law firm of Davis and Kuelthau. Some small-business managers question whether to conduct regular audits at all, because they worry about how to proceed if they uncover a problem, she adds.

Indeed, there appear to be a number of pitfalls for companies if they discover that they are unintentionally exceeding pollution limits spelled out under federal laws. On the one hand, unintentional violations are not criminal, and disclosing an accidental release can lead to some guidance from the EPA. But on the other hand, voluntary disclosure carries no guarantee that a company will not be ordered to pay a civil penalty.

According to the EPA, if a company

A Move Toward Guidelines On Penalties

Proposed new guidelines for penalties against companies found guilty of environmental crimes are under consideration by the U.S. Sentencing Commission. These guidelines would give judges less flexibility in setting penalties and would also specify factors that could lead to reduced fines.

Under the current system, there are no specific guidelines on fines for corporate environmental crimes, says Kent Larsen, a spokesman for the commission. Thus, judges have great leeway in determining whether to impose a higher fine or a lower one in a particular case, he says. They generally look at how similar cases have been handled to get some guidance, he adds.

The new system would work like this: Judges would be given a detailed point system to use in calculating corporate fines. Various types of offenses, ranging from mishandling hazardous waste to tampering with records, would have their own point values. A judge could add or subtract points based on the presence of aggravating or mitigating circumstances. After completing the calculations, the

judge would then refer to a table to figure out what percentage of the maximum fine under an environmental law the company should be ordered to pay.

Using the point system could well lead to higher fines than those presently ordered in environmental cases because judges would have less flexibility in determining penalties, says Fred Anderson, an attorney with the Washington, D.C., law firm of Cadwalader, Wickersham and Taft. Anderson chaired an advisory panel of lawyers, academics, business representatives, and environmentalists who proposed the new method.

The proposal spells out responsible business practices that can serve as mitigating factors and result in reductions of fines. This, lawyers say, is how the guidelines could push more companies to bolster their compliance programs.

Here are a few practices a business would have to follow consistently to show a judge it has been historically committed to complying with environmental laws:

- Managers at all levels routinely review and improve the company's compliance with environmental regulations.

- Employees are aware of the steps they must take to comply with laws, and they are required to report any suspected violation to supervisors.

- The company continuously monitors its operations to ensure that releases of any pollutants are within limits allowed by law. The company frequently conducts compliance audits.

- The company has established strict disciplinary measures for employees who commit infractions.

Smaller businesses would need to show the same degree of commitment to compliance measures as large corporations, although understandably they would devote fewer resources to their efforts, the proposed guidelines say.

The U.S. Sentencing Commission will consider the proposal over the next year and has the option of changing it or scrapping it altogether.

No exact timetable has been set, but once the commission is finished with its work, Congress will review any new guidelines before federal judges are instructed by the Sentencing Commission to use them.

REGULATION

does discover a problem that is unintentional and reports it to the agency, the company's constructive approach is likely to keep any fine low. "If a company were to come forward, that would go a long way toward reducing any penalty there might be," says Wendy Butler, an EPA spokeswoman.

Some critics say they hope that the EPA will eventually take more of an "amnesty" approach to companies that voluntarily disclose problems, by removing the threat of civil penalties in some instances.

"There is a government recognition that you can't have voluntary disclosure if at the same time you're going to whack them over the head with a board like the Punch and Judy show," says Susan Cooke, an attorney who handles environmental cases with the Boston law firm of Goodwin, Procter and Hoar.

Deciding not to disclose an unintentional violation or delaying the reporting of such a problem carries its own risks. If someone other than a company official reports the problem first—say, a whistleblower employee—the company has then lost its opportunity for self-disclosure, and interaction with the EPA on the violation is more likely to be confrontational. If a company continues to operate after finding out that it is exceeding

"I definitely don't think we've reached a point where the penalties are too high. There is still massive non-compliance with environmental laws."

—Attorney Bob Adler,
Natural Resources
Defense Council

pollution limits, it can face criminal charges, attorneys say.

In light of stricter enforcement and tougher penalties, companies are looking more closely at their compliance efforts, attorneys say. By and large, environmental attorneys say, many small employers appear to be monitoring more carefully any possible release of pollutants from their work sites.

And most attorneys contacted by *Nation's Business* suggest these small

businesses are following the wisest course. Despite the difficult environmental-compliance dilemmas companies can face, regular internal audits are critical, they say.

"Certainly, an audit is essential to bringing a company into compliance with environmental laws, and to protecting individual officers from liability," Lonsdorf says. Any problems that are discovered need to be corrected quickly, and if the problem was documented, the fact that a problem has been solved should also be put into writing, she says.

Managers should ensure that all employees are aware of the environmental laws, attorneys advise, because corporations can be criminally responsible for the actions of individual employees, even if top managers were not aware of their activities.

Preventive measures could become even more important under proposed new sentencing guidelines for environmental crimes, which are under consideration by the U.S. Sentencing Commission. They would allow a judge to be more lenient with companies in the event of an intentional violation if the company reported the mistake promptly and could show a history of responsible environmental practices.

18

Think - Evaluate

CHOOSE CECO...

- Five decades on the leading edge of innovation and technology in pre-engineered buildings
- Advanced computer-aided design
- "Non-standard is standard" design philosophy
- Design flexibility to 1/16th of an inch
- Sophisticated aesthetics
- Measurable energy efficiency
- Two superior standing seam roof systems

Those who think these things are important choose Ceco. Contact your local authorized Ceco builder/contractor. Or, call us.



Eastern Region: Don Conley 919-977-2131
Midwestern Region: Jeff Saunders 319-385-8001
Southern Region: Mike Round 601-328-6722
Western Region: Michael Boyles 209-727-5504
Company Headquarters ■ Columbus, MS ■ 601-328-6722



SO WHAT IF YOUR ELECTRONIC FORMS VENDOR HAS NEVER ACTUALLY TRIED THIS BEFORE?



So you run into some unexpected delays getting your electronic requisitioning up and running. And a few little catastrophes along the way. Don't worry. It's only your whole operation that's at stake.

Which is why, in all seriousness, electronic systems design is no job for a beginner.

You need proven solutions. Trouble-free integration into your present organization. And graceful migration to the re-engineered workplace of tomorrow.

All of which takes more than good intentions; it takes experience.

Two ways to make sure your partner has it.

One: Check references. If a vendor doesn't have any satisfied customers yet, what makes you think you'll be the first?

Two: Get a demo. If a vendor has the perfect product, he'll surely want to show it to you. If he puts you off now, how long will you wait for the real thing?



A third way.

Call Standard Register. We'll show you references and demos. Plus a complete array of proven electronic products.

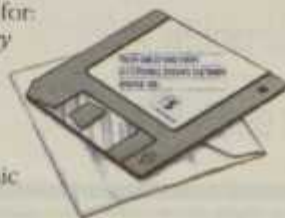
Standard Register is the electronic systems leader. We offer next-generation solutions now, before other vendors have their initial products working. And we have the experience and corporate resources that make us the sure choice for the future as well.

See for yourself.

We want you to compare. So much so, that we've prepared a free diskette that tells you what to look for:

"Tough Questions Every Electronic Systems Customer Should Ask."

Get the information you need to make a safe choice in electronic systems. Call toll-free 1-800-755-6405.



ESPTM

ELECTRONIC
SYSTEMS
PRODUCTS

AccuServ®

DocuServ®

DocuStream™

EDI

Electronic

Forms

Design

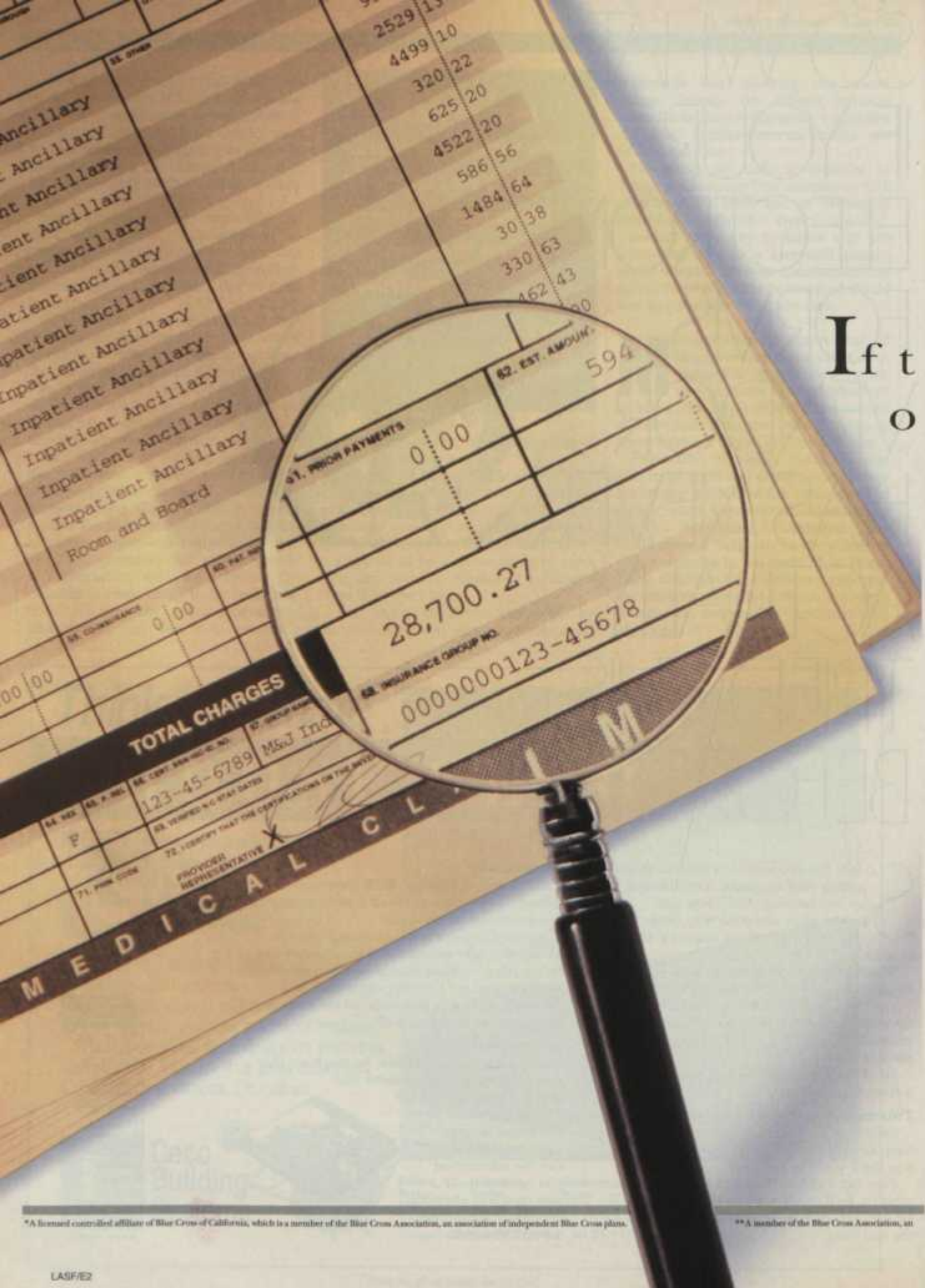
FOMADS®

FORMOS®

FormiPac™

FormTrack™

© 1993 The Standard
Register Company



If t
o

he figures don't look right, you
ought to have your claims examined.

Is your company paying too much for health care? Find out with our free Claims Key program for large businesses. Send three months of claims from your PPO insurance plan, and we'll show you, line by line, how much you'll save. So far, every company that's participated has saved on medical expenses—as much as 57%. Look into a checkup with your broker or a Blue Cross Group Sales office. The results could be a real eye-opener. **We make the system work for you.™**

CaliforniaCare Health Plans™



Blue Cross of California™



NEWTON'S APPLE®

A New Perspective

Public Television's Family Science Show
Tune in to the 11th Season on PBS. Check Local Listings for Airdates.

For Information on Classroom Education Materials Write:
National Science Teachers Association-Marketing Division
1840 Wilson Boulevard, Arlington, VA 22201

A production of KTCA TV, Saint Paul/Minneapolis

INSURANCE

Special Coverage For Special Risks

By John S. DeMott

Jewelry buyers in Hillsdale, Mich., will be keeping close watch on the weather June 27. If it rains at least an inch and a half that Monday, Ken Potok, the promotion-minded owner of Roger A. Losey Jewelers, will refund the purchase price of diamond engagement rings bought at his store since May 1.

Potok won't have to pay any refunds out of his pocket, however. They will be made under an insurance policy he bought from Worldwide Weather Inc., in Great Neck, N.Y.

The policy covers not only engagement diamonds that bridegrooms-to-be buy for their fiancées but also jewelry purchases for graduations, Mother's Day, and Father's Day.

Potok got the idea for the meteorological sales promotion at a Retail Jewelers Organization meeting in Kansas City. "It's the greatest word-of-mouth promotion, if it works," he says. "We've lost traffic to a couple of strip malls. This is a way to get traffic downtown." He's now considering a similar sales promotion tied to snow.

A snow promotion worked last year for Robert Gingras of Gingras Jewelers and Gemologists, in Hamden, Conn. Sales went up between Thanksgiving and Christmas Eve—with purchasers in those weeks promised free jewelry if it snowed on New Year's Eve. (It didn't.)

In the somewhat battered business of property and casualty insurance, such specialty marketing is the hottest thing going. What's more, the consensus among insurance professionals is that more and more of the niche coverage is aimed at small businesses such as Losey's.

In addition to specialized weather coverage, insurers are increasingly offering protection against allegations of workplace sexual harassment, wrongful discharge, and other misconduct that

Property and casualty insurers are reaching out to small companies with policies that only big corporations once bought.

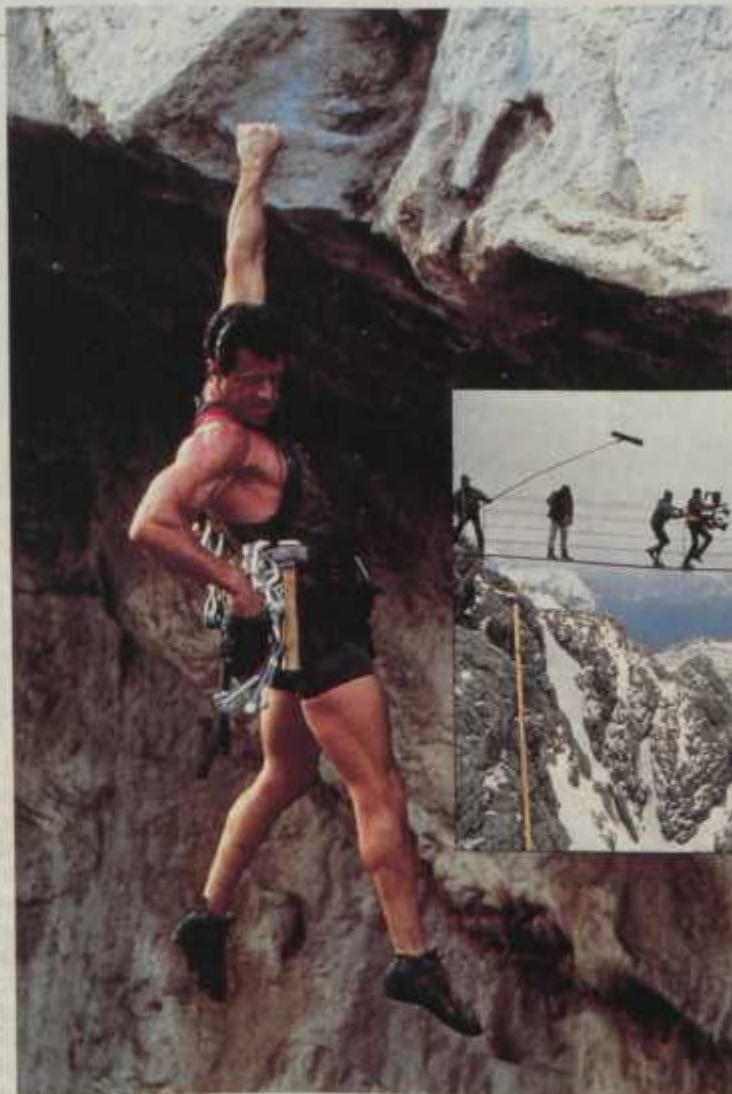


PHOTO: SA. COOPER/UNILCO

"Cliffhanger" star Sylvester Stallone and a scary chase across a high-altitude bridge: When the photographic choppers couldn't take off, insurers paid \$4 million.

might have nothing to do with traditional property and casualty coverage. Narrowly focused coverage such as directors' and officers' liability (D&O) insurance, which shields against suits by disgruntled shareholders or employees, is gaining popularity among small public companies.

The number of smaller companies buying such specialized coverage has increased at least 25 percent—perhaps as much as 50 percent—in the past five years, say insurance experts. This may help explain why Worldwide Weather,

founded in 1988, had already reached sales of \$12 million in 1993.

And, it would seem, small firms may be buying specialty insurance with good reason. In its monthly newsletter, Shand Morahan & Co., an Evanston, Ill., insurance brokerage that is part of Virginia-based Markel Corp., includes accounts of

unusual lawsuits to illustrate the kinds of situations a company can unexpectedly encounter. One example: A customer accidentally wounded in a bank-robbery shootout sued the architect of the bank building for designing columns that

proved wide enough to shield a robber.

Edward D'Alessio, an attorney who specializes in employment-practices liability insurance, says of his clients: "They come to me and say, 'We're facing claims, and we need to know what to do.'" D'Alessio, with the Paramus, N.J., law firm of Stern, Steiger, notes that "awards are increasing tremendously. And they're not limited to any size employer, by any means. People are bringing these claims at every level."

For their part, policies protecting against the weather go beyond allowing clever ways to increase sales. Harold Mollin, who owns Worldwide Weather, also insured Tristar Pictures against poor shooting conditions in the Dolomite Mountains in the Italian Alps for the

INSURANCE

making of 1993's high-altitude movie thriller "Cliffhanger."

Mollin issued a policy that would pay if weather interfered with Sylvester Stallone and other actors as they fought off the bad guys on icy peaks.

Storms and fog did prevent the takeoff of helicopters carrying cinematographers, which delayed shooting by several days. Mollin (with support from reinsurers) says he paid out \$4 million to the movie's producers. "It was very windy and snowy, and we had to pay," he says. "But that's the business we're in."

"Seven years ago, I was usually . . . alone in the field with insurance for environmental consultants. Now there are 15 to 20 players."

**—Insurance Broker
John Moore**

The reason specialized insurance "products" are being aimed at smaller businesses is that traditional forms of property and casualty coverage don't yield the profit growth they once did to property and casualty insurance carriers or independent agents. That is partly because disasters of one sort or another have pummeled the industry for the past five years.

Underwriting losses from catastrophes for 1993 stood at about \$17.5 billion, driven by February's bombing of the World Trade Center, in New York; March's "storm of the century," which hit the Northeast particularly hard; and the October wildfires that devastated wealthy residential sections in the Los Angeles area. (Though flooding in the Midwest caused widespread destruction, most of the damage wasn't covered by insurance, and thus it didn't substantially add to industry losses.)

It is true that 1993's losses were about half the \$33 billion incurred in 1992, when Hurricane Andrew caused about \$23 billion in claims. Moreover, the insurance industry's profits in 1993 reached \$18.5 billion, more than triple the \$5.8 billion of the previous year.

Yet the industry's breathing spell has been brief. A few months ago, it was not certain that last year's profit momentum could be sustained through this year. Losses reached an estimated \$7 billion in the first quarter of 1994. Sixteen ice and snow storms this past winter in the eastern U.S. alone generated what eventually could total \$3 billion in insurance claims.

In January, the earthquake that hit Los Angeles was the worst in fatalities and damage—more than 60 people were killed, and destruction totaled about \$4 billion—since the San Francisco quake of 1906.

In March, tornadoes killed 44 people, including 20 worshippers in the Goshen

United Methodist Church, in Piedmont, Ala., and swept through Georgia and the Carolinas.

Also in March, a 36-inch gas pipeline exploded in Edison, N.J., destroying 128 apartments, killing one person, sending 2,000 people scattering, and running up damage totals still more.

Disasters weren't the industry's only problem, though. Insurers continued to be hit by customers' budget tightening. Large insurance buyers are selectively paying for property and casualty policies that cover primarily catastrophic losses and are paring back other coverages, such as

computer-breakdown protection, which they once bought routinely and paid for handsomely.

The result is that the corporate account that produced, say, \$1 million in premiums five or six years ago may now produce only \$800,000.

Also contributing to the pressure on insurers to find new markets are relatively slow-growing insurance premiums. Premiums in 1993 increased 5.9 percent, to \$240.6 billion, according to estimates by the Insurance Information Institute, in New York City. Although that's greater than the 2.4 percent increase for 1992 and the 2 percent rise for 1991, the 1993 increase was still in keeping with the

sluggish trend for the industry overall since 1988.

Industry optimists were forecasting an overall 7.2 percent rise this year in property and casualty premiums (not including specialized coverage), but insurance professionals believe few small businesses will see increases of that size for such coverage because of competitive conditions in the industry.

Premiums are expected to rise slowly—or stay "soft," in the industry's jargon—through 1995. Small businesses may pay a little more, but the increases won't be intolerable.

Whatever increases there are will still be far below the blistering double-digit percentages of the 1980s. From 1985 to 1986, for example, premiums jumped 22.4 percent, touching off a "liability insurance crisis" that temporarily caused some locales to close—or threaten to close—municipal parks, day-care centers, and other public facilities because the jurisdictions couldn't afford insurance premiums.

With the outlook for slow premium growth, conventional insurers have turned to niche insurance products, technically known as "excess and surplus lines," to improve their bottom lines and get more insurance business on their books. In the past, standard licensed insurance carriers typically left such policies to firms that specialize in them, such as the Home Insurance Cos., in New York City, or Evanston Insurance Co., in Evanston, Ill.

Now, however, Chubb, in New York City, and St. Paul's Cos., of St. Paul, Minn., among others, are grabbing opportunities in this insurance area. Says Dick Bouhan, executive director of the National Association of Professional Surplus Lines Offices (NAPSLO), in Kansas City, which represents 1,100 sellers and brokers of such specialty coverage: "The standard-lines companies are writing anything they can get their hands on."

They have a built-in advantage in those states—the majority—where an insurance broker is required by law to try to place insurance with licensed carriers before directing business to so-called nonadmitted carriers. Says John Moore, who places insurance for Shand Morahan: "Seven years ago, I was usually standing alone in the field with insurance for environmental consultants. Now there are 15 to 20 players," most of them well-established commercial carriers.

For small businesses, all the new competition probably means prices for specialized insurance



PHOTO: SARAH DOROW

Worldwide Weather's Harold Mollin with jeweler Robert Gingras: Banking on the weather.



There are 33 different products from Amway in this photo. (The other 5000 or so wouldn't fit.)

Our powerful, household cleaning products with biodegradable surfactants are most likely stored elsewhere in the home. But, you can still spot these other Amway items: breakfast cereal, vitamins, dog food, cookware, and more. In fact, virtually everything in sight could be obtained through Amway and its catalogs — from the Mr. Coffee® coffee maker to the cordless telephone. It's clear to see why Amway is near the top of the list of the "Forbes 400 Largest Private Companies in the U.S." By the way, there is one thing you can't see in the photo above... our money-back, 100% satisfaction guarantee. (But it's there.)



And you thought you knew us.

Find all 33? Give us a call for a free product list or for additional information on Amway. 1-800-544-7167

©1993, AMWAY CORPORATION, U.S.A.

INSURANCE

will stay about where they are now. But premiums for such coverage normally run higher than for traditional property or casualty coverage.

Following are some of the major types of specialized coverage:

Directors' And Officers' Coverage

This insurance, known simply as D&O, has long been gaining favor among large companies that want to protect their top managers against suits by employees and shareholders. Frequently, in fact, business people refuse to serve on company boards unless the companies have some form of D&O liability protection.

But D&O now is gaining favor among far smaller companies. "Officers have the duty to exercise due care and due diligence, and that doesn't change as a result of just being small," says Bob Ougheltree, a manager in the New York office of Swett & Crawford, a wholesale insurance broker based in Los Angeles. "The buck stops at the boardroom, regardless of the size of the company."

At Shand Morahan, the fastest-growing segment of D&O insurance business goes to companies that are about to embark on an initial public offering, reports Diane Gardner, who heads Shand's D&O operation. A company in an IPO can later become a target for lawsuits from disgruntled shareholders. "For law firms, it's a feeding frenzy," she says. "They'll look for these companies, and they'll monitor them."

Being small and privately owned is no protection, either. Perhaps as many as half the lawsuits against company owners are filed by plaintiffs other than majority shareholders and employees, Ougheltree says. They include vendors, creditors, government agencies, and even minority shareholders related by blood or marriage.

One caution: D&O is a complex product; you shouldn't buy it without advice from a good insurance agent, or a lawyer, or perhaps both. Issuers of D&O often load it with so many exclusions—things they won't cover—that the coverage can become almost meaningless. Be sure your policy covers your needs.

Weathering The Weather

In just six years, Harold Mollin's company, Worldwide Weather, has grown to about 30 employees in several offices, including one in London and another in Sydney. Many clients are major advertising agencies that depend on favorable weather for filming commercials. But the company also has provided coverage for other industries, such as oil and gas,



PHOTO: SALAN DORON

Attorney Edward D'Alessio: A company's small size is no guarantee of protection.

against typhoons disrupting pipeline-laying operations near Taiwan.

But it's with small retailers—hundreds of them throughout the U.S.—that Mollin is making the greatest sales strides. Mollin's premiums vary but generally run to about 5 percent of sales during the period for which the coverage is provided. So a jeweler who normally does \$100,000 in business over the insured period will pay about \$5,000 for Mollin's policy.

Mollin's newest tactic is to work with banks to provide a mortgage with a climactic twist. If there's rain on the final day of the closing month, for example, the next month's payment is free to the borrower. Or if it rains on June 30, July's payment will be made by Mollin's policy.



PHOTO: AP/WIDEWORLD

Suddenly last winter: Sixteen snow storms in the eastern U.S. alone jolted carriers with big claims.

Mollin acknowledges that banks might be a little wary, but he says mortgage companies and finance companies might try it.

Entrepreneurial Errors

Of particular interest to executives who become consultants and entrepreneurs is "errors and omissions" insurance. Normally bought by insurance agents as protection against angry policyholders who claim they weren't accurately informed of a policy's limits, Shand Morahan's form of E&O protects consultants for up to \$750,000 in the event they are sued by clients claiming the advice they got and used was damaging.

Perhaps the suit is only a nuisance attempt to avoid paying the consultant's fee. No matter. It can still sting. Says Shand's Moore: "You're not protected by your general-liability policy. Not by your property package policy. Not by your personal-injury policy. So what's left? Errors and omissions."

Moore says he believes such coverage actually encourages entrepreneurship, by offering some protection against the frivolous yet damaging lawsuit. "Having a certificate of insurance qualifies people for getting jobs," Moore says. "Their clients like to see that they have an insurance company behind them."

Workplace Perils

Attorney D'Alessio of Stern, Steiger says employer-practices liability problems keep getting thornier and thornier, threatening smaller businesses as never before.

The potential issues facing employers have become more exquisite since the Equal Employment Opportunity Commission was established by the Civil Rights Act of 1964, D'Alessio says. "You just don't have your cases based on age, race, and sex. You've got suits over breach of employment contracts. You've got suits over sexual harassment." (See also "Protecting Against Employment Perils," April.)

Accordingly, sales of policies are up, and so too is the delicacy of the issues facing employers. One sample from D'Alessio's files: An employer wants to fire an employee who isn't performing satisfactorily, but before that happens, the employee announces she is pregnant. This brings the Family and Medical Leave Act into play, which in effect postpones any plans to discharge the employee because the firm doesn't want to risk a wrongful-discharge suit. "So they're in a position," says D'Alessio, "where they're going to have to provide benefits for an [unwanted] employee who's out on leave for a very long time."

D'Alessio's advice to small employers

who want to avoid legal problems over discharging employees: "You have to be straight with your employees. If somebody's doing a bad job, they have to know it. You have to train supervisors to give honest evaluations." Sometimes evaluations do not reflect true performance, he adds, and "then when employees are discharged for some reason, they're shocked."

In addition to branching into such specialty coverage, major insurers are treating the entire small-business market as a niche, one that's possibly as large as \$36 billion, tailoring their business owners' policies to the needs of individual small companies.

In July, for example, CNA Insurance Cos. of Chicago will follow other insurers

into the small-business market by launching a "business-accounts package" that will pinpoint the kinds of small businesses CNA will insure—bagel shops, pizza shops (without delivery), computer stores, and dry-cleaning shops. The package will have a premium of perhaps 3 to 5 percent above the cost of conventional coverage, but it will include more types of coverage and will be guaranteed for three years.

Jim Carollo, group vice president of business accounts, says: "We've been interested in small business over the years, but we haven't

spent this kind of effort. We have never focused on the small commercial customer as well as we have in the last seven months."

Other major insurers, such as USF&G, Harleysville Insurance Co., Aetna Life and Casualty, and ITT Hartford, all are reaching down to smaller business clients. (See "Carriers Rediscover Small Business," November.)

The result: a smorgasbord of insurance offerings for small business, to cover almost every need, and at prices that will rise only moderately for at least the next few years. **■**

"Officers have the duty to exercise due care and due diligence, and that doesn't change as a result of just being small. The buck stops at the boardroom."

—Bob Dugheltree,
Swett & Crawford

AN AMERICAN LIFE 401(k) SAYS NO. NO COMMISSIONS. NO TRANSFER CHARGES. NO WITHDRAWAL FEES.

No problem. An American Life 401(k) makes it easy to help your employees' earnings accumulate tax-deferred — towards a secure retirement.

An American Life 401(k) also says yes. Yes to a full range of investment options. Yes to the freedom to transfer funds any time. Yes to high ratings.

So how can you say no to a plan like this?

THE AMERICAN WAY OF LIFE.

1-800-872-5963
AMERICAN LIFE

Mutual of America Life Insurance Company is a Registered Broker-Dealer. It distributes the products of Mutual of America and The American Life Insurance Company of New York. For more complete information, including charges and expenses, obtain a prospectus by calling 1-800-872-5963. Read it carefully before you invest. This product may not be available in all states.

Circle No. 3 on Reader Service Card

LEAVING YOUR JOB? DON'T LEAVE 20% OF YOUR RETIREMENT MONEY BEHIND

INVESTOR INFORMATION
FROM T. ROWE PRICE

Free T. Rowe Price kit helps you protect your retirement savings.

If you're leaving your job, choosing what to do with your retirement plan payout may be one of the most important decisions you'll make. And current law makes your choices more complicated—and more important—than ever. Depending on your decision, the IRS could withhold 20% of your retirement money.

We help you know all your options. Our up-to-date kit can help you understand all your options. In plain, straightforward language, we give you the accurate, detailed facts you need to help decide what's best for you. And, with our free Direct Rollover Service, we can coordinate your request directly with your previous employer, if you so choose.



Call for more information and a free kit
1-800-541-6648

Invest With Confidence
T. Rowe Price



T. Rowe Price Investment Services, Inc., Distributor.

IRAR022443



To order a reprint of
this story, see Page 81.
For a fax copy, see Page 74.

Circle No. 57 on Reader Service Card

FINANCE

Some Rest For The Paperwork-Weary

By Laura M. Litvan

In 1979, after a tornado damaged many buildings in Wichita Falls, Texas, Larry and Anna Jo Darnell applied for a loan guaranteed by the U.S. Small Business Administration to help pay for repairs to their pizza restaurant.

Fifteen years have passed since the Darnells, co-owners of Momma Jo's and Zeno's Pizza, applied for and received their \$72,000 loan, but for Larry—who handled the associated paperwork—the process is not easily forgotten. He worked with a loan officer at his bank for four weeks, filling out paperwork, gathering a sheaf of business documents required for the SBA's consideration, and waiting for an answer from the government.

So it is understandable that Darnell was taken aback when he returned to his bank earlier this year to apply for another SBA-guaranteed loan and completed the process in a virtual flash. He simply filled out the front and back of a single-sheet loan form and provided a few materials, including his company's balance sheet. He

asked for \$50,000 to buy new equipment and expand the six-employee business to handle contracts won recently to operate cafeterias in three local factories.

Darnell's bank approved the loan the Tuesday he applied, and a loan officer faxed his application to the SBA. On Friday, the agency informed him that the loan would be guaranteed, meaning that the SBA would cover 75 percent of the funds in the event of a default.

"When the SBA acted so fast, I was startled, after having applied for an SBA loan before," says Darnell. "Right now, I can't say enough good things about the process."

The Darnells are among hundreds of small-business owners who have participated in recent months in an SBA pilot project that lets prospective borrowers use a simple, one-sheet application for guaranteed loans of up to \$100,000. The project is under way in Texas, Louisiana, Arkansas, Oklahoma, and New Mexico.

SBA officials have told *Nation's Busi-*

The SBA is testing a simplified application process for guaranteed loans up to \$100,000.

ness they are preparing to take the reduced-paperwork approach nationwide.

"We've been criticized often and loudly over the years for our loan applications being too voluminous, too hard to handle, too difficult to get through—take your pick," says Mike Stamler, an SBA spokesman.

To address the long-standing complaints, Erskine Bowles, a former North Carolina banker who became the agency's administrator in May 1993, initiated the pilot program. It began in the San Antonio area last August, and early this year it was expanded to include all of Texas and the other four states.

Not surprising, the pilot project has been well-received by paperwork-weary entrepreneurs. In addition, SBA officials have found that many bankers are more willing under the pilot program to help customers finance business expansions.

Typically, bankers have been wary of relatively small SBA loans because they've viewed the lengthy documenta-



PHOTO: GORDON FULTON JR.

Pizza-restaurant owners Larry and Anna Jo Darnell, in Wichita Falls, Texas, will expand their business with an SBA-guaranteed loan they received under a quick-approval pilot program.

CAN YOUR BUSINESS SURVIVE YOUR FAMILY?

New From
Nation's Business



Can't understand why dad won't retire? Think your kids could never run the company? Worried how the family business will survive?

"Making Your Family Business Outlast You" can help ensure that your business is passed on successfully to the next generation.

Developed by three of the country's leading family business authorities, the six-cassette audio program and "how-to" workbook give you insights and techniques on:

- Communicating Your Family Business Vision
- Understanding Your Family and Managing Family Conflicts

- Managing Your Family Business
- Raising Your Children For Leadership
- Preparing and Implementing A Succession Plan
- Finding and Using Advisers and Directors

Half of all family businesses risk failure because they don't have a succession plan—don't let yours become one of them. Order "Making Your Family Business Outlast You" today!

CALL TOLL FREE
1-800-538-4400.

YES, please send me the "Making Your Family Business Outlast You" audio cassette program kit! If I'm not completely satisfied, I can return within 15 days for a full refund.

☐ Check enclosed for \$95.00
Please enclose \$4.00 for shipping and handling.

☐ Please bill my credit card: ☐ AE ☐ MC ☐ VISA

Card Number _____ Exp. _____

Signature _____ Title _____

Name _____ Company _____

Address _____

City _____ State _____ Zip _____

UPS Shipments Only—No P.O. Boxes. CA and D.C. residents add sales tax.
Nation's Business, Circulation Department,
1615 H Street, NW., Washington, D.C. 20062 NB0604

Nation's Business

Circle No. 44 on Reader Service Card

FINANCE

tion required by the government as not worth the effort, says Rodney Martin, director of the SBA's district office in San Antonio. "We had just kind of frozen out a substantial part of the small-business community," he says.

Another advantage of the shortened loan form is that, under the pilot program, the SBA has been able to approve or reject an application in a few days, rather than a week and a half under its traditional approach to small loans.

That traditional approach has been to treat small loans as if they carry the same degree of risk for banks and the SBA as do larger loans. The typical SBA loan application is three sheets, front and back, and must be accompanied by a number of supporting documents, which can make most applications over an inch thick. Required documents include the business owners' stated purpose for wanting a loan, résumés for top managers, owners' personal financial statements, a schedule of term debts, and information about accounts receivable and payable.

In the pilot program, loans under \$50,000 require only the single-sheet application form. Borrowers who, like the Darnells, seek from \$50,000 to \$100,000 also use the one-sheet form, but a few extras are required as well. These include the company's corporate tax returns for the past three years, personal financial statements of the loan guarantors, and the bank's own internal report about the business-loan applicant's financial health.

Generally, it is the smallest of small businesses that need loans of less than \$100,000, says the SBA's Martin. And those are typically the firms that are taking advantage of the pilot program. Each week, about 75 to 80 San Antonio businesses, most with no more than five employees, use the shortened forms to apply for loans, he says.

About 300 banks in Martin's SBA district are registered to participate in the pilot program, including many lenders who earlier had little interest in seeking SBA guarantees for smaller loans.

One such banker is Terri Saenz, vice president of Texas Bank, N.A., of San Antonio. Before the pilot program began last August, her bank made plenty of small loans, she says, but it was frustrating at times to use the paperwork-intensive approach for small SBA-guaranteed loans. Some applications were as thick as three inches once all the supporting documents were attached, she says. For that reason, her institution tried to steer applicants toward direct loans from the bank rather than SBA-guaranteed

loans. The direct loans generally require more collateral and have shorter repayment terms.

Since finding an opportunity to put the SBA's reduced-paperwork approach to



PHOTO: BOB DAEMERICH

Reduced paperwork has made SBA-guaranteed loans more attractive to Terri Saenz, a San Antonio banker.

the test in late January, however, the frustration has subsided, Saenz says. One of her most satisfying experiences with the pilot program involved a loan application from Emilio Mendoza, chief executive of a San Antonio defense contracting firm.

Mendoza's engineering company, Galactic Technologies, had run into a cash-flow crunch after it won two Air Force contracts to provide software and hardware development services. The company had hired 25 additional employees to help with the extra work, but it had not yet

received payments under the contracts.

With much of the company's cash tied up in a dozen other government contracts, Mendoza appeared at the bank on a Wednesday in late January and told Saenz that he would have difficulty covering \$50,000 in paychecks due his employees on Friday.

Saenz decided to see whether the SBA could deliver for her client on its promise of speedier approvals under the pilot program. After explaining the special emergency to Martin of the SBA district office, Saenz and Mendoza put together an application for an SBA-guaranteed \$95,000 loan from Texas Bank. They finished it Wednesday night. On Thursday morning, the bank approved the loan.

Quickly, Saenz forwarded the single-sheet application and three supporting documents to the SBA. That afternoon the agency told her it would guarantee the loan, and she hurried to the SBA's district office to pick up the paperwork. The next morning, Mendoza appeared at the bank and signed the paper-

work that closed the loan. He had the money in hand by 2 p.m., and he met his payroll. "It was really a miracle that they were able to move so quickly," he says.

The SBA acknowledges that it is too early to tell whether loans approved during the pilot program are any likelier to end in defaults than those approved with more documentation. But officials say they don't expect the reduction of paperwork to cause problems. A smaller loan is generally less risky than a larger one, anyway, according to Stamler, the SBA spokesman.

Bankers who have used the single-sheet form say that they still scrutinize loans just as closely as before; they just submit less paperwork to the SBA.

Deryl Brock, the banker who approved the \$50,000 loan to the Darnells, says he recently turned down an application from another business because he thought the firm posed too great a credit risk. Brock, vice president of First National Bank in Wichita Falls, says he is simply more likely to consider an SBA-guaranteed loan as an option when business owners with sound business plans come knocking in the future. He says bankers often share horror stories about working with the SBA on a loan guarantee. Now, he adds, applying for an SBA loan "is just about as simple as falling off a log."

For More Information

To find out how to apply for loans through the U.S. Small Business Administration, or to learn more about other services the agency offers to small businesses, call the SBA district office in your state for customer service help.

Check the blue pages in your phone book for the number of your district office, or call 1-800-827-5722 for the SBA's answer desk in Washington, D.C.

Computer users with modems can tap into general information about SBA services, including loan programs, through the agency's computer bulletin board, SBA On-Line. Using your modem, call 1-800-697-4636. Computer users in the District of Columbia should call (202) 401-9600.



To order a reprint of this story, see Page 81.
For a fax copy, see Page 74.

MANUFACTURING

Look, World, No Hands!

By John S. DeMott

Once the province of giant corporations like automakers and steelmakers, robots are ratcheting their way down into the manufacturing operations of far smaller companies. One is Engineering Concepts Unlimited, a maker of electronic engine controls in the little town of Fishers, northeast of Indianapolis. Employees, three; robots, four; sales, \$1 million.

Says CEO Adam Suchko, an engineer: "It's difficult to get the skill level that you need to assemble these kinds of products and [to find people to] do only that for a living because it's boring. So boring. So you use the machine to create an environment where people do other things." And, he says, you can't compete without the machines.

There are now about 45,000 robots at work on U.S. assembly lines, according to the 200-member Robotics Industries Association, in Ann Arbor, Mich. While 45,000 is few compared with the 400,000 or so whirring away in Japan, the U.S. number is up dramatically from the 6,000 in place just a dozen years ago.

U.S. orders for new robotic equipment reached \$648.5 million last year, up 31 percent from 1992. That's the highest level of orders since 1984.

This year, 6,000 to 7,000 more robots are expected to be put into service in the United States. While precise figures for small-business use are not available, the most conservative guess among experts is that entrepreneurs are ordering three or four times the number of robots they were just five years ago.

That encourages Brian Carlisle, CEO of Adept Technology, in San Jose, Calif., the only American-owned robotics company of significant size (1993 sales: \$50 million). Carlisle, who often testifies at

congressional hearings on U.S. technical prowess, sees the machines as a key to revitalizing U.S. manufacturing.

Right now, he says, there isn't the manufacturing capability in the United States to "make a VCR with 2,000 parts

Robots are helping more and more small firms become competitive in high-tech markets.

That is also the view of Eric Mittelstadt, president of FANUC Robotics of North America, in Auburn Hills, Mich. The company, once a part of General Motors but wholly owned by a Japanese company since 1992, makes a variety of

robots priced from \$20,000 to \$100,000. The company has a division tailored to the needs of small and medium-sized companies outside the automotive business because, Mittelstadt says, "that's where the action is."

For Suchko, who designed television sets for RCA before starting Engineering Concepts Unlimited (ECU) in the 1970s, robots are survival tools that let him keep costs down. "If I shut the machines off," he says, "I'd have to hire another 10 people."

ECU's robots turn out 5,000 palm-size controllers a year. These units, which are sold worldwide, perform such functions as turning on power-backup systems in the White House and turning off irrigation pumps in Florida.

"When we started building these," Suchko says, "you put the parts in the holes, you put the boards in a rack, flipped them over, and soldered the connections. One every three or four seconds."

Then, in 1989, ECU got its first robot, an automated soldering machine. Suchko bought it at auction for \$350 and spent two months rebuilding it. Output ballooned tenfold, with the machine soldering hundreds of connections a second.

Equipped now with four robots, all bought used or rebuilt, ECU has produced its controllers with no one in its 10,000-square-foot building; the company's record peopleless run is 50 hours.

Whatever is left after the robots do their thing is what "we do," Suchko says, referring to his three employees and

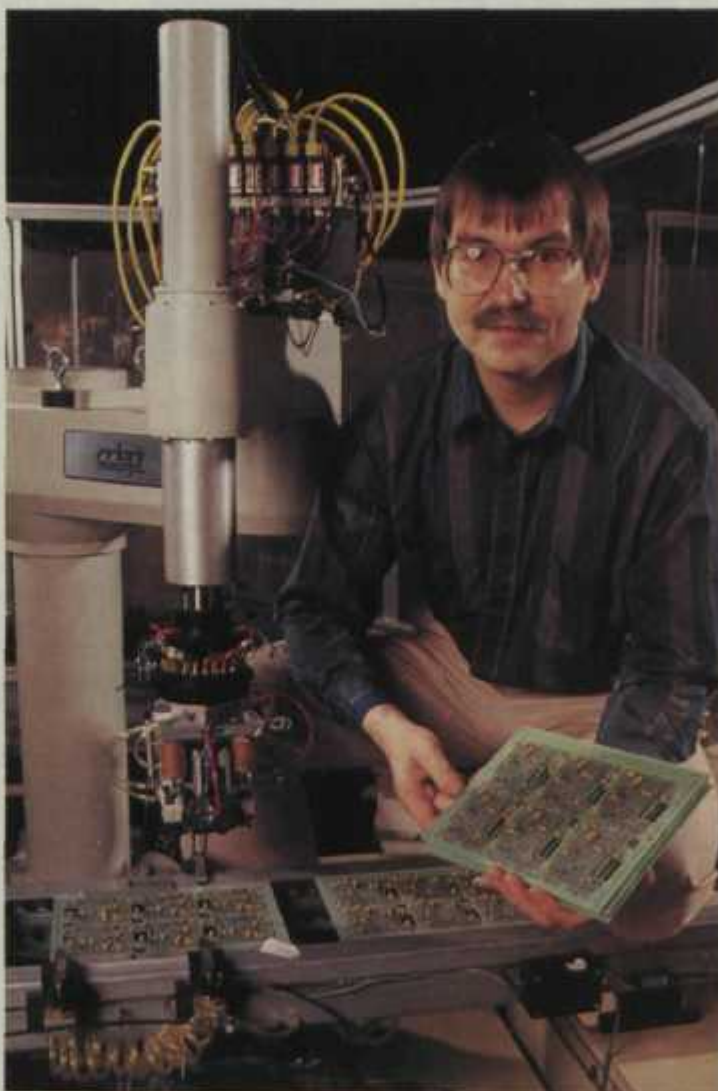


PHOTO: SHAWN SPENCE

Engineering Concepts Unlimited's CEO Adam Suchko: He has three employees, four robots, and about \$1 million in sales.

and sell it to Sears for \$100." He points to a half-dozen products with collective sales of \$36 billion, among them camcorders, disk drives, portable audio devices, as well as VCRs. With robots, he says, they could be made in the United States at competitive world prices.

MANUFACTURING



Adept Technology's CEO Brian Carlisle, left, with Sales Manager Charlie Duncheon, sees robots as essential.

himself. They load the robots with parts, make adjustments, and install odd-shaped components that the robots can't handle.

Suchko says: "A lot of orders came in all at once, and literally what we're all going to have to do is get to the line more often and pitch in to get the product out. Everybody's capable of doing a lot, and everybody respects one another."

Wendy Atwell, Suchko's secretary, handles the company's books. She also operates and loads the robots and runs automatic testing equipment. Jim Harshbarger, who has a two-year technical degree, handles some sales and is a technical troubleshooter. Tony Miller, also a technical-school alumnus, is in sales training, does some production work, and operates computerized machinery.

At Kerner Industries, in Chico, Calif., Jim Kerner, president and CEO, and his 30 employees are using robots to make sophisticated thermo-electric devices.

They have one major customer: Rubbermaid. Eager to produce a 36-quart portable refrigerator that can plug into a motor vehicle's cigarette lighter, Rubbermaid turned to Kerner to build a modular freezing unit that can slip into an ice chest and lock in with two screws. Says Kerner: "We felt if we used the proper technology, we could be competitive, but the only way we thought we could be internationally competitive was through robotics." Without the machines, says Kerner, "we'd have to hire 50 people."

For Paramount Corp., in Linden, N.J., robotics became the key to winning a

large contract. Paramount, a metal finisher and die caster with sales last year of about \$6 million and 50 employees, received the order from Scientific Atlanta, a major maker of cable television systems and control boxes.

At first, the job looked daunting. Scientific Atlanta wanted a spray-paint finish on convoluted amplifier housings that looked "like waffle irons," says Para-

mount owner Richard Fuschetti Jr. The parts couldn't be dipped because paint on the inside surfaces could harm the units.

And there was no way, Fuschetti concluded, "that you could manage people to consistently spray this part over and over again and get the quality that you want." So Paramount checked out robot manufacturers, and it turned to FANUC.

FANUC helped Fuschetti make a videotape of just how Scientific Atlanta's part would be painted robotically. Scientific Atlanta was impressed and awarded the job to Paramount, which then bought two used \$40,000 FANUC P-100 demonstration painting robots. Fuschetti's brother Steven, an electronics buff, programmed the robots, and thus Paramount wound up with its own in-house robotics expert.

To FANUC's Mittelstadt, "robotizing" U.S. industry is similar to the airline industry's challenge of getting the vast majority of Americans who have never flown to plunk down money for a ticket. "The idea," he says, "is to get at those tens of thousands of companies that have never used their first robot, but could."

Adept's Carlisle agrees, contending that labor costs in Japan are not all that much lower than those in the United States. But what still allows the Japanese to manufacture complex items for less is, among other things, robots. The future of U.S. manufacturing just might hinge on learning that lesson. **NE**

Plugging In

Here are some tips from Eric Mittelstadt, president of FANUC Robotics, and other experts for small-business owners thinking about getting into robotics:

■ Be specific in determining what you want the robot to do. Science fiction aside, there are no "general purpose" robots, only machines that do individual tasks very well. You'll need painting robots for painting, arc welding robots for arc welding, laser cutting robots for laser cutting—and the experts to install them and teach your employees how to run them.

■ Spend wisely, but spend. When you invest in automation, you're buying lower production costs and higher quality. Think beyond direct labor savings. Improved quality also reduces warranty and service costs. And system reliability cuts production costs.

■ Remember that people will use the

robots, and people will keep them productive. Your operators, programmers, maintenance people, and engineers know more about your situation than an outsider, so planning a system without their contribution would be a mistake.

■ Don't be daunted; robotics isn't difficult to master. Says Mittelstadt: "Many small businesses have found that it's not a particularly mysterious technology. It's easy to use. And it's helped make a lot of companies more competitive." Robots are also far easier to use. Says FANUC's marketing director Bob Hansen: "Five years ago, it certainly would have helped if you had a computer engineering background. Those things aren't necessary anymore."

■ Consider leasing robots, directly or indirectly, from their manufacturers. Also, consider buying sharply discounted used equipment. A simple loading robot that goes for \$20,000 new sells for a third to half that price in the used market.

MEET THE ONE YOU CAN TRUST FOR ALL YOUR MATERIAL HANDLING NEEDS...



*"Professional, knowledgeable, honest service.
That's what people have a right to expect...
but I deliver more."*

*Hyster lift truck dealers are the most experienced in the industry,
averaging more than twenty years in material handling.
It takes a special person to be a Hyster lift truck dealer
and not everyone measures up.*

*Our standards are high, Hyster's standards are high
and your standards are high.
Here's how we measure up...*





The World's Best Lift Trucks

When you're in the market for a lift truck – come see us. Since 1929, Hyster Company has been producing the world's best lift trucks, which are manufactured in only ISO 9002-certified plants.

You'll also like the choices – we've got the largest selection of the most innovative, advanced lift trucks in the world – gas, LPG, diesel, CNG or electric. In every load capacity. For every material handling application – indoor, outdoor, boxcar, freezer, narrow-aisle and orderpicking.

You'll be glad to know, too, all Hyster trucks are built in Hyster lift truck plants. They're priced affordably. And all are designed to keep your operating costs low.

Your Hyster Lift Truck Dealer Team offers you the industry's best aftersale support. Remember, nobody in the lift truck business has more material handling experience than we do. We'll analyze your operation and match a truck to your specific needs.



Quality Parts for All Major Makes of Lift Trucks

When you need parts fast – do yourself a favor. Call or come to us first. We carry the largest and deepest lift truck parts inventory in the industry.

Not only Hyster lift truck parts, but quality UNISOURCE parts for all major makes of lift

trucks. From routine service kits, to hard-to-find parts, come see us and we'll take care of you.



Next-Day Delivery

For your further convenience, we are computer-linked to all other Hyster lift truck dealerships nationwide and to Hyster

Company's North American parts depot in Danville, IL. If, by chance, your part is not in-stock, we'll find it fast and have it shipped to your location by 10 a.m. the next business day (in most cases).



Expert Service for All Major Makes of Lift Trucks

Need service? We'll take care of all your service needs too, from timely repairs to specially designed periodic and full maintenance plans.





Our service personnel are the most highly skilled in the industry. They are trained through Hyster Company's exclusive Certech training program – the toughest and most comprehensive in the industry.

Plus, our technicians are equipped to service not only Hyster lift trucks but all major makes of lift trucks. It doesn't matter what make or model you have – if you've got a problem or a service need, bring it to us. For minor repairs and service, we'll even send a service technician to your location and solve your problem on-site.

Give us a call whenever you have a service need. We'll put the most efficient and knowledgeable service people in the lift truck industry to work for you.

Operator Training Programs

Properly training your lift truck operators is not only an OSHA requirement, it's smart business sense. Studies have shown that trained operators are more productive and have fewer accidents – invaluable benefits for your bottom line. When you need to train operators – call us. We train thousands of operators each year and we'll train your people on-site or at our dealership.

All training is specific to your lift truck fleet and material handling applications. Plus, we also provide technical training programs for your service technicians. Call us any time.



Fleet Management and Rentals

Making a decision to trade in a lift truck or keep an older one up and running can be difficult. What's the smart decision? Talk to us first – we'll analyze your operation and give you our expert professional recommendation.

If you ever need extra equipment for peak load periods or special jobs, we can also provide the 'rental' you need. In the type, size and model to best handle your particular job. We offer short-term rentals for a few days or weeks, and longer term leasing programs if you require it. You can rent with confidence, too. All our rental trucks are kept in top condition by our expert service technicians.



Leasing and Financing

Whether you're purchasing or leasing, we can provide you with the financing plan that best suits your needs, objectives and budget.

Just give us a call and we'll be glad to discuss all your options and help you decide what's best for your operation.

You'll be glad to know, too, that when you talk to a Hyster lift truck dealer, you're talking to a pro. Hyster Company makes sure all of us are ready, willing and able to serve you – we even have an internal rating program that constantly challenges us to better ourselves, our operation and our customer service. Stop by and say hello soon!

Bonus: 
Get a free copy of our
'Guide for Users of Industrial Lift Trucks'
when you come in.



"Visit your local Hyster Lift Truck Dealer Today or call 1-800-221-1191!"

Brungart Equipment Birmingham, Alabama 205-951-1300	Brungart Equipment Miami, Florida 305-624-1511	BGM Equipment Louisville, Kentucky 502-774-4471	Modern Handling Edison, New Jersey 908-738-9200	Hyster Sales Company Medford, Oregon 503-779-3444	Stewart & Stevenson Houston, Texas 713-671-6300
Brungart Equipment Montgomery, Alabama 205-832-4591	Brungart Equipment Orlando, Florida 407-841-4202	Deep South Equipment Baton Rouge, Louisiana 504-383-6117	Ellen Equipment Company Albuquerque, New Mexico 505-831-5859	Hyster Sales Company Portland, Oregon 503-684-2717	Stewart & Stevenson Lubbock, Texas 806-745-4224
Craig Taylor Equipment Anchorage, Alaska 907-276-5050	Brungart Equipment Tampa, Florida 813-623-6700	Deep South Equipment New Orleans, Louisiana 504-254-2700	Pride Equipment Islip, New York 516-224-5000	Modern Handling Allentown, Pennsylvania 215-398-1101	Stewart & Stevenson San Antonio, Texas 210-662-1000
Arnold Machinery Avon, Arizona 602-237-3755	Wrenn Handling Columbus, Georgia 706-563-0400	Deep South Equipment Shreveport, Louisiana 318-621-9000	Liftech Handling Rochester, New York 716-328-6380	Equipco Bridgeville, Pennsylvania 412-221-2800	Deep South Equipment Tyler, Texas 903-595-6440
Arnold Machinery Flagstaff, Arizona 602-294-7677	Wrenn Handling Decatur, Georgia 404-987-7666	Yankee Industrial Truck Scarborough, Maine 207-883-5531	Liftech Handling Syracuse, New York 315-463-7333	Modern Handling Bristol, Pennsylvania 215-943-9100	Arnold Machinery Salt Lake City, Utah 801-974-4000
Hyster Mid-South Little Rock, Arkansas 501-565-7200	Wrenn Handling Savannah, Georgia 912-236-0658	McCall Handling Baltimore, Maryland 410-247-9000	Wrenn Handling Charlotte, North Carolina 704-588-1300	Quimby Material Handling Eric, Pennsylvania 814-825-1717	VBS, Inc. Richmond, Virginia 804-232-7816
Johnson Lift/Hyster San Diego, California 619-430-6161	American Machinery Honolulu, Hawaii 808-833-0511	Lewis/Boyle, Inc. Waltham, Massachusetts 617-890-7950	Wrenn Handling Greensboro, North Carolina 910-668-2701	Modern Handling Harrisburg, Pennsylvania 717-238-5662	Liftech Handling South Burlington, Vermont 802-864-0308
Johnson Lift/Hyster City of Industry, California 909-692-9311	Arnold Machinery Meridian, Idaho 208-887-6000	Quality Material Handling Grand Rapids, Michigan 616-452-2177	The Bode-Finn Company Cincinnati, Ohio 513-541-0401	Modern Handling Williamsport, Pennsylvania 717-326-1767	Hyster Sales Company Seattle, Washington 206-722-5800
Hyster Sales Company Fremont, California 415-659-4100	United Lift Truck Bellwood, Illinois 708-547-7300	Great Lakes Power Lift Warren, Michigan 810-759-5500	Quimby Material Handling Cleveland, Ohio 216-741-8440	Modern Handling York, Pennsylvania 717-764-8529	Hyster Sales Company Spokane, Washington 509-534-0678
Hyster Sales Company Fresno, California 209-487-1160	M.H. Equipment Peoria, Illinois 309-686-4024	Nott Company Bloomington, Minnesota 612-888-5511	The Bode-Finn Company Columbus, Ohio 614-871-1571	Wrenn Handling W. Columbia, South Carolina 803-796-7300	Hyster Sales Company Yakima, Washington 509-248-5636
Johnson Lift/Hyster Fresno, California 209-276-0228	BGM Equipment Evansville, Indiana 812-425-4222	Nott Company St. Cloud, Minnesota 612-251-9039	The Bode-Finn Company Dayton, Ohio 513-890-6800	Wrenn Handling Chattanooga, Tennessee 615-892-3810	The Bode-Finn Company St Albans, West Virginia 304-755-5384
Hyster Sales Company Sacramento, California 916-641-3434	Bohl Equipment Company Ft. Wayne, Indiana 219-426-6860	Deep South Equipment Jackson, Mississippi 601-939-9655	Bohl Equipment Company Marion, Ohio 614-387-1100	Hyster Mid-South Memphis, Tennessee 901-795-7200	MEE Material Handling Milwaukee, Wisconsin 414-353-3300
Johnson Lift/Hyster San Diego, California 619-566-4181	BGM Equipment Indianapolis, Indiana 317-240-6300	Van Keppel Litruck Springfield, Missouri 417-865-3550	Quimby Material Handling North Canton, Ohio 216-499-6660	Hyster Mid-South Nashville, Tennessee 615-244-7744	CANADIAN Wajax Industries, Ltd. Calgary, Alberta 403-279-7278
Materials Handling Denver, Colorado 303-573-5333	Iowa Machinery & Supply Des Moines, Iowa 515-288-0123	Shipping Utilities St. Louis, Missouri 314-426-4800	Bohl Equipment Company Toledo, Ohio 419-476-7525	Stewart & Stevenson Corpus Christi, Texas 512-289-6306	Wajax Industries, Ltd. Langley, British Columbia 604-534-9422
Lewis/Boyle, Inc. Meriden, Connecticut 203-828-0521	Van Keppel Litruck Kansas City, Kansas 913-281-4949	Nebraska Tractor Omaha, Nebraska 402-331-9200	Van Keppel Litruck Oklahoma City, Oklahoma 405-495-0606	Stewart & Stevenson Dallas, Texas 214-631-8218	Harvey & Company St. John's, New Foundland 709-722-6910
Modern Handling New Castle, Delaware 302-322-2999	Sellers Tractor Wichita, Kansas 316-943-9311	Arnold Machinery Las Vegas, Nevada 702-597-1554	Van Keppel Litruck Tulsa, Oklahoma 918-836-8851	Ellen Equipment Company El Paso, Texas 915-772-2746	Wajax Industries, Ltd. Mississauga, Ontario 905-624-5611
Brungart Equipment Jacksonville, Florida 904-260-6105	BGM Equipment Lexington, Kentucky 606-253-1682	Yankee Industrial Truck Concord, New Hampshire 603-224-9978	Hyster Sales Company Eugene, Oregon 503-689-7407	Stewart & Stevenson Galveston, Texas 409-740-0296	Wajax Industries, Ltd. Lachine, Quebec 514-364-7500

HEALTH-REFORM WATCH

Turning Toward A Middle Ground

By Roger Thompson

Health reform Clinton-style suffered a serious blow recently when the nation's most influential collection of policy wonks—the Jackson Hole Group—advised the president, in effect, to back off and slow down.

The group that developed the widely accepted managed-competition model for health reform issued a new proposal in March. It advocates a cautious pay-as-you-go approach that steers clear of the controversial government regulation and employer mandates in the Clinton plan.

But the group did not advise the president to give up on his primary goal of health coverage for every American. Instead, it proposed a two-stage compromise approach designed to bridge the gap between the president and his critics:

First, enact voluntary, market-oriented reforms that guarantee everyone access to affordable coverage, and phase in new federal/state subsidies to help low-income individuals—who make up the majority of the nation's 39 million uninsured—obtain health insurance.

Then, in 2002, assess the impact of these efforts to determine how well they worked in achieving universal coverage, which would be redefined as 95 percent of the population. Failure to reach that goal would trigger a provision in the reform legislation automatically imposing an employer mandate or other government action to bring about universal coverage.

"I am cautiously optimistic that this will become the lead dog" in the race to develop the grand compromise needed to produce a reform bill that President Clinton will sign, says Alain Enthoven, the Stanford University professor who co-authored the new proposal. It is dubbed "Managed Competition II" and is characterized as a refinement of the previous managed-competition plan put forth by the Jackson Hole Group in September 1991.

Rep. Jim Cooper, D-Tenn., whose Managed Competition Act is the chief rival to the president's plan, welcomed the new proposal. "It's basically my approach with some new, creative provisions," he said. "I don't agree with all of the changes, but I think it's valuable in that it reinforces the managed-competition approach as the way to go in health-care reform."

Lisa Sprague, health-policy analyst

for the U.S. Chamber of Commerce, said the Jackson Hole Group's latest proposal "is moving from the theoretically desirable into the realm of what is doable."

In fact, the "trigger" idea immediately caught fire on Capitol Hill. The Senate Finance Committee, which will play a pivotal role in shaping the outcome of health reform, is seriously considering it. And key members of the House also are working on legislation that would include a trigger mechanism.

The White House threw cold water on the idea, complaining through a spokesperson that "it allows lawmakers to claim

The Jackson Hole Group, forgoing health-care mandates, advocates a pay-as-you-go approach.

they are working toward universal coverage without really doing anything. That's not going to be acceptable."

The idea is very much in play, however. The Jackson Hole Group listed several trigger options that Congress could adopt—individually or in combination—to bring about universal coverage:

- Expand federally subsidized coverage for the poor and near poor.

- Impose a new "free-rider" tax on those who can afford insurance but decline to buy it.

- Require everyone to buy insurance.

- Enact an employer mandate.

"Our position in the paper is to wait and see what is appropriate," says Paul Ellwood, the other principal author of "Managed Competition II" and president of the Jackson Hole Group. "The big question," he says, "is whether we really will get to universal coverage by obligating Congress to do something six years from now."

Even if Congress puts a trigger mechanism into reform legislation, there is no guarantee that it will have any real impact. There already is talk of "hard triggers" that would set off predetermined action, such as an employer mandate, and "soft triggers" that would require Congress to study the remaining health-care problem but not require specific action.

This is not the first time the Jackson Hole Group has changed the course of the health-reform debate. More than any other player on the scene, the group has produced reform ideas that have become part of mainstream thinking. The group is an informal collection of academic policy experts, doctors, and health-industry executives who have worked for years to craft a reform model based on a competitive free market. The group's name is derived from its meeting place, Ellwood's home in the scenic Wyoming ski resort of Jackson Hole.

The group's chief contribution has been the concept of managed competition, in which health plans would compete for customers on the basis of price and quality, not on their ability to avoid high-risk individuals.

Regional health plan purchasing cooperatives form a central part of making managed competition work. The co-ops would give small businesses and individ-

Alain Enthoven: "Cautiously optimistic that this will become the lead dog."



HEALTH-REFORM WATCH

uals the same market clout now enjoyed by large companies.

In addition, co-ops would restructure competition by offering standardized benefit packages and health-plan report cards permitting easy comparisons on price and quality.

Moreover, all health plans sold by the co-ops would be required to play by the same rules: open enrollment regardless of health status, guaranteed renewability of insurance, and community-rated premiums reflecting average costs rather than individual or group costs of coverage.

Many of the health-reform plans now before Congress, including Clinton's and Cooper's, adopted the managed-competition model for health-care delivery. The major area of disagreement is financing: Who pays, and how much?

As self-appointed referee in this dispute, the Jackson Hole Group issued "Managed Competition II" in an attempt to break the congressional deadlock over financing and to unify a majority behind a "refined" version of managed competition.

"Managed Competition I" didn't directly address the question of financing," says Enthoven; the new proposal advocates a pay-as-you-go approach "that prevents unfunded health-care entitlements and instills fiscal responsibility."

Under the proposal, the first steps toward universal coverage would help those who need it most: the poor through federal subsidies, and small employers



PHOTO: T. MICHAEL KEEL

Paul Ellwood: "Getting very close to the middle ground."

through purchasing pools and insurance market reform.

Federal subsidies would first assist 10.8 million individuals below 100 percent of poverty level and would gradually include on a sliding scale of benefits the 12.5 million individuals with incomes between 100 and 200 percent of the poverty level. "Managed Competition II" holds that it is more efficient for the government to directly subsidize low-income individuals than to subsidize businesses, as proposed by the Clinton plan.

The timetable for phasing in the subsidy program would be governed by the

availability of general revenue and savings from existing programs, such as Medicare and Medicaid. One new revenue source would be a cap on the tax deductibility of health insurance. The Jackson Hole Group considers a tax cap essential for creating cost consciousness on the part of consumers and businesses.

Simultaneously, purchasing pools and insurance market reforms would lower costs and guarantee access to insurance for individuals and for small businesses (under 100 employees). Only those health plans bought through a co-op would be tax-deductible, but the decision to purchase insurance would remain voluntary.

In a turnabout from the initial proposal, "Managed Competition II" favors competing purchasing pools within the same region. Private-sector organizations or associations could establish co-ops, provided they played by the same rules as the state-sponsored ones.

Enthoven says "that was a concession" to the widespread dislike of inefficient, consumer-unfriendly government bureaucracy.

Above all, "Managed Competition II" is a pragmatic document seeking to broker a reform deal acceptable to Congress and the American people. Ellwood is optimistic about its prospects: "I would say that it is getting very close to the middle ground that everybody is looking for."

Fair hiring, do you know the rules?

Did you know that most "U.S. Citizens Only" hiring policies are against the law?

Did you know there are several documents that prove work authorization, and that you can't ask to see specific ones, like a green card? If you didn't, you're not alone. It's tough enough running a business, and keeping up with the law, too! But not knowing the rules can cost you and your business time and money. Immigration-related unfair hiring practices are against the law. Call us, we'll be happy to clear up any questions you have. The toll-free Office of Special Counsel Employer Hotline number is 1-800-255-8155, TDD (for the hearing impaired) is 1-800-362-2735.



LOOK AT THE FACTS. NOT AT THE FACES.

TRANSPORTATION

The Mandate For Alternative Fuels

By Julie Candler

The 15 vans in Blau Plumbing Co.'s fleet afford a glimpse of the future. Each day, the vehicles crisscross the Milwaukee area, all running on compressed natural gas, a low-polluting fuel that the company dispenses from its own compressor.

When the gauge in a truck says the tank is close to empty, the driver can switch to gasoline. As it stands, finding a service station in Milwaukee that sells

areas with severe air pollution will have to use alternative fuels like compressed natural gas to comply with the Clean Air Act amendments of 1990.

The rules cover fleets in 21 so-called nonattainment areas nationwide—communities that exceed 250,000 in population and that have not met federal air-quality standards. Twenty of those metropolitan areas have extreme, severe, or serious problems with the three main

Federal anti-pollution regulations are requiring company fleets to move away from gasoline.

vehicle weight. The covered fleets are either centrally refueled or capable of being centrally refueled. Vehicles garaged at personal residences are exempt.

The law requires that 20 percent of the fleets' new purchases in 1998 and thereafter operate on clean alternative fuels. Conversions of gasoline or diesel vehicles to clean-fuel vehicles qualify as purchases under the fleet program. Clean alternative fuels include compressed natural gas, propane, hydrogen, methanol, ethanol, or any mixture containing at least 85 percent methanol or ethanol. The battery-powered electric vehicles are the cleanest-running of all.

Suppliers of alternative fuels, including natural-gas companies, are required under the Clean Air Act amendments to make the fuels available to fleets in the metropolitan areas covered by the law. Incentive payments of up to \$500 per vehicle are being offered to businesses by various utilities and state and federal programs to help offset added costs.

Another federal law involving alternative-fuel vehicles is the Energy Policy Act of 1992. Its purpose, in part, is to reduce the nation's dependence on imported oil by encouraging the use of domestically produced fuels.

The law required federal fleets to begin purchasing alternative-fuel vehicles in fiscal 1993. State fleets and utilities must begin in the 1996 model year. The act provides tax incentives and covers vehicles of up to 8,500 pounds gross vehicle weight, which includes passenger cars, pickups, and vans.

Beginning Jan. 1, 1995, the Clean Air Act amendments require that reformulated gasoline containing at least 2 percent oxygen by weight replace conventional gasoline to reduce ozone-forming compounds in the nine smoggiest cities: Los Angeles, as well as Baltimore, Chicago, Hartford, Houston, Milwaukee, New York, Philadelphia, and San Diego. Also adopting the program is Washington, D.C. The Environmental Protection Agency estimates reformulated gasoline will cost from 3 to 5 cents more per gallon.

In another development, a panel of state environmental officials from 12 Northeastern states and the District of Columbia has asked the EPA to impose California's strict emissions standards on cars sold after 1998.

Perhaps most vexing for auto and truck



PHOTO: BRUCE W. BUCHANAN

James Blau converted his fleet to compressed natural gas almost a decade ago. As a result of environmental rules, many companies in 21 cities will do the same.

compressed natural gas is next to impossible. That is expected to change, however, as federal anti-pollution regulations requiring cleaner fuels go into effect.

James Blau, executive vice president of the Milwaukee plumbing business, was looking for a cheaper alternative to gasoline when he switched to compressed natural gas in 1985. "I was thinking about the energy crisis of the '70s and how difficult it would be for us to do home-to-home delivery of our services" if another gasoline shortage developed, he says. Environmental concerns also played a key role in the decision. Modifying the vans cost about \$2,000 per vehicle; today the cost might be more like \$3,000.

Blau's company converted its vehicles voluntarily, but many more companies in

air-polluting vehicle emissions: carbon monoxide, hydrocarbons, and oxides of nitrogen. One city—Los Angeles—is rated extreme. In the severe category are Baltimore, Chicago, Houston, Milwaukee, New York, Philadelphia, and San Diego. The cities whose air-pollution problems are called serious are Atlanta; Bakersfield, Calif.; Baton Rouge, La.; Beaumont, Texas; Boston; El Paso, Texas; Fresno, Calif.; Hartford, Conn.; Providence, R.I.; Sacramento, Calif.; Springfield, Mass.; and Washington, D.C. A 21st metropolitan area, Denver, is cited for carbon monoxide emissions alone.

The 1990 amendments cover fleets of 10 or more vehicles operating passenger cars, light-duty trucks, or heavy-duty trucks of up to 26,000 pounds gross

TRANSPORTATION

manufacturers is a California requirement that zero-emissions vehicles account for 2 percent of major automakers' sales in the state by 1998. Only battery-powered electric vehicles appear to be capable of meeting that standard. The automakers affected will be those with the highest sales volumes in California: General Motors, Ford, Toyota, Chrysler, Honda, Nissan, and Mazda.

Right now, a battery-powered vehicle is prohibitively expensive. A Chrysler minivan will sell for at least \$40,000 when it is introduced in the 1996 model year.

A consortium formed by the U.S. Energy Department and the three U.S. automakers is trying to develop a cost-effective battery to power zero-emission cars. The Japanese government has formed a similar consortium.

The government mandates for alternative fuels pose challenges for car and truck manufacturers. Vehicles that run on the alternative fuels will have to perform as well as cars using gasoline in order to appeal to customers, says Patsy Brownson, president of the National Association of Fleet Administrators, in Iselin, N.J. Her group represents more than 2,300 managers of public, utility, and commercial fleets.

Brownson says companies with large fleets, such as United Parcel Service and Federal Express, are testing alternative fuels. "Everybody is trying to figure out what fuel will be best for them," she says. The fleet Brownson manages for Cox Enterprises, the Atlanta communications company, is looking at using compressed natural gas.

To comply with the laws, producers of cars and trucks are developing and introducing a new breed of vehicles, powered by everything from propane to hydrogen.



Ford is planning to introduce a Crown Victoria that runs exclusively on compressed natural gas. The fuel is stored in a torpedo-shaped canister in the car's trunk. Gas utility companies across the country have participated in evaluating the car, which has logged more than 500,000 miles in tests.



Here is a look at the various alternative fuels and how the manufacturers are trying to adapt their products to them:

Compressed Natural Gas

The fuel that James Blau's plumbing fleet uses leads the parade of alternative fuels. Compressed natural gas, or CNG, reduces polluting emissions, is a domestic product, and is cheaper than gasoline. The equivalent of a gallon of gasoline costs 70 to 80 cents.

Driving a vehicle powered by compressed natural gas is a lot like driving a car or truck powered by a conventional fuel. One key difference, however, is limited range. Compressed natural gas

takes up a lot more volume than the equivalent of gasoline. A passenger car with two tanks has a range of about 200 miles. A light- or medium-duty truck with three tanks can travel 300 miles.

In the 1992 model year, General Motors introduced a full-size Sierra pickup that ran on either compressed natural gas or gasoline. A defect in the fuel cylinders, however, has led GM to halt production temporarily. The automaker has contacted owners of about 2,500 1992 and 1993 CNG pickups, which were converted by Production Automotive Systems, Inc. GM is offering to exchange those vehicles with comparably equipped 1994 gasoline-powered pickups, or to repurchase them.

GM, Productive Automotive Systems, and Comdyne, Inc., the maker of the fuel cylinders, are investigating two reported instances of rupturing in the containers during refueling. As a result, there is also a hold on the bifueled Chevrolet Corsica and Caprice and a number of other trucks. General Motors is working toward resuming production of CNG vehicles by the 1995 model year.

For the 1994 model year, a version of Ford's Econoline van operates exclusively on compressed natural gas. CNG F600 and F700 medium-duty trucks are also available.

And for the 1996 model year, Ford will introduce a full-size Crown Victoria passenger car that runs on compressed natural gas. The company expects to offer CNG trucks by the end of 1994 under a new converter program that will include Ford F-series trucks and Econoline vans with 4.9-liter engines.

A heavy-duty Ford LTLA-900 Aero-Max tractor powered exclusively by compressed natural gas can make a daily round trip of 280 miles. The 18-wheeler's

This battery-powered version of the Dodge Caravan meets California's zero-emission guidelines. By 1998, 2 percent of vehicles sold by major manufacturers in California must meet those standards. Environmental officials from 12 Northeastern states and the District of Columbia have asked the EPA to impose similar rules in their jurisdictions.

You're Only 45 Minutes Away From Success.



Executive Seminars in Sound can help you improve your management skills—and your bottom line—fast. Eight audio cassettes deliver practical, proven techniques that you can implement right away.

The 45-minute tapes cover:

1. How To Get Your Ideas Across
2. Your Role as a Decision Maker
3. Better Management of People
4. Mastering the Art of Delegating
5. Making the Most of Your Time
6. Organizing Your Plans and Planning Your Organization
7. Strategies of Moving Ahead
8. How to Live with Your Own Success

Listen in your car, at the office, at home or in your hotel room with convenient tapes in a compact binder. Then inspire your employees, control your schedule and prepare to enjoy your success.

You'll profit for a lifetime from a \$95 investment in Executive Seminars in Sound. If you're not convinced these tapes will make your life easier, just return them within 15 days for a full refund. Order your set today.



Try it for 15 days FREE

Guarantee: Send me "Executive Seminars in Sound." If not thoroughly satisfied, I can return it for a full refund.

- ☐ Check enclosed for \$95. Please include \$3.00 for shipping and handling.
☐ Bill my credit card: ☐ AE ☐ VISA ☐ MC

Card No. _____ Exp. Date _____

Signature _____ Title _____

Name _____ Company _____

Address _____

City _____ State _____ Zip _____

No P.O. Boxes—UPS Shipments Only

Nation's Business Executive Seminars Division, 1615 H Street, NW, Washington, D.C. 20062
 California and D.C. residents, add sales tax.

Call Toll Free 1-800-321-4949

Circle No. 13 on Reader Service Card

NB0094

TRANSPORTATION

engine was developed jointly by Ford and the Caterpillar Co. with 10 natural-gas tanks, five on each side.

Chrysler Corp. is selling versions of the 1994 Dodge Caravan, Plymouth Voyager, and Caravan cargo minivans that run on compressed natural gas. They were recently certified as one of the "world's cleanest internal-combustion vehicles" by the state of California, which said the minivans meet its tough standard for ultra-low-emission vehicles (ULEVs). The vehicles store the equivalent of 8.2 gallons of gasoline in their four underside tanks. The range is 160 to 180 miles, and the extra cost is about \$4,000 over the regular vehicle price.

Last year, the compressed-natural-gas version of the Dodge Ram van received certification from California as a low-emission vehicle (LEV). CNG versions of

line under the Clean Air Act amendments is M-85, a combination of 15 percent gasoline and 85 percent ethanol, derived from corn, or methanol, obtained from natural gas or coal. Ford is marketing a four-door, flexible-fuel Taurus that runs on M-85 methanol (or ethanol in three test cities), gasoline, or a combination. An on-board computer, through a fuel sensor, determines how much methanol is in the Taurus FFV fuel tank at all times and adjusts for optimum performance.

The FFV offers good power and performance, and its M-85 fuel is cheaper as well as cleaner than gasoline. Methanol and ethanol do slightly better than gasoline on fuel economy, but you have to fill up more often, despite larger tanks. The price of the 1994 Taurus FFV is the same as that of the conventional Taurus.

M-85 is not yet available in many parts

without the industry losing a great deal of money," says Roberta Nichols of Ford.

GM's electric car, the prototype Impact, performs well, "but it's a two-seater with a limited range of 70 to 90 miles, and the cost would be close to \$40,000," says Patrick Morrissey, manager of news relations at GM's Washington, D.C., office. GM is conducting a 30-car, two-year test of its potential market.

Chrysler plans to produce an electric zero-emission vehicle to meet California's 1998 mandate. The vehicle will be based on a gasoline-powered minivan that is scheduled to be introduced for the 1996 model year. "A \$40,000 estimate of total cost for the new electric vehicle is extrapolated from projections that a battery pack can be developed to sell for \$21,000," says Chris Preuss, a Chrysler spokesman. "The vehicle itself might cost around \$20,000. We don't know the cost of the power pack yet because nobody knows what the batteries will be." The new vehicle will supersede the Dodge Caravan Electric, a minivan certified by California as a zero-emission vehicle that has been selling for about \$100,000.

Ford plans a test of its Ecostar, a small delivery van. Roberta Nichols of Ford says the vehicle's sodium-sulfur batteries recharge in six to seven hours and have a range of more than 100 miles. Its batteries would require replacement every three years. "A 10-year replacement cycle would be competitive with gasoline," Nichols says.

Honda's EVX concept car is a four-seater using recyclable, sealed lead-acid batteries. The car can reach 80 miles per hour and cover about 65 miles on one charge. A solar roof panel provides supplemental power.

Mazda has an electric MX-5 Miata concept car that runs on a nickel-cadmium battery and has a range of 112 miles.

Hydrogen

Mazda hopes to have a hydrogen vehicle on the road early in the next decade. "Hydrogen is a clean-burning, virtually emission-free fuel," says Jack Stavara, director of product planning and research for Mazda Research and Development of North America Inc., in Irvine, Calif.

A hydrogen-powered MX-5 Miata concept car has a version of a rotary engine found in the gasoline-powered Mazda RX-7. The Miata hydrogen model has a range of 112 miles.

When burned, hydrogen recombines with oxygen and turns back into water. Only an invisible water vapor is emitted from the exhaust pipe.

One challenge for the company is convincing customers that a hydrogen-powered vehicle is safe. "To that end, we're willing to explain our technologies to make hydrogen vehicles a reality," Stavara says.



General Motors is working to resume production of a bifueled Chevrolet Corsica that runs on either compressed natural gas or conventional gasoline.

Dodge's Ram and Dakota pickups will be offered in 1995.

Honda is testing a Civic natural-gas-powered vehicle, with two storage tanks mounted in the trunk.

Liquefied Propane

Liquefied propane already has a sizable refueling infrastructure in place because of its multiple uses. According to a Ford publication, *Leaf and Road*, there are an estimated 3,300 LPG refueling stations, and LPG has about a 10 percent price advantage. LPG trucks usually have larger fuel tanks to offset a range that is 10 to 20 percent smaller than that of a gasoline vehicle.

Ford says its medium-duty F700 LPG trucks emit 50 percent less hydrocarbons and 14 percent less oxides of nitrogen than similar gasoline trucks. Further development is expected to cut LPG's carbon monoxide emissions below gasoline's. The F700 LPG costs about \$1,000 more than a gasoline-powered truck.

M-85

Another acceptable alternative to gaso-

oil of the country, says Roberta Nichols, manager of Ford's alternative-fuels research, but it should be offered soon in the metropolitan areas that have problems with air quality.

Chrysler offers three four-door sedans that can run on M-85: the Dodge Spirit, the Plymouth Acclaim, and the Dodge Intrepid. All three can run on M-85 one day and gasoline the next. In 1995, the M-85 Spirits and Acclaims will be dropped as those models are phased out. There is no price difference between the Chrysler M-85s and their gasoline counterparts. They will mostly be used in government fleets; consumer demand is light.

Toyota has a fleet of eight M-85 flexible-fuel vehicles now being tested in California, and it is working on vehicles that run on other alternative fuels; they are not on the market yet.

Electricity

Zero-emission battery-powered electric vehicles pose special challenges for auto and truck manufacturers.

"We don't know how to build an electric car in 1998 at a price you and I can afford

MARKETING

Make Listeners Your Customers

By Phil Hall

When John Stewart began Audio Computer Information, Inc., in Spring Grove, Minn., in 1991, he had an unusual concept—a series of audio-tape tutorials for computer owners. Using his skills as a former radio announcer, he narrated audio tapes in a conversational tone, providing a more user-friendly approach for the neophyte than a 300-page, jargon-filled manual.

Stewart initially marketed his tapes through a national daily and a weekly regional newspaper, but response was disappointing.

As his limited marketing budget dwindled, he tried writing and narrating a series of radio ads that described his products, using the same folksy tone employed in the instruction tapes. He placed the ads with two syndicated radio networks, Business Radio Network and Sun Radio Network, and calls began coming in from potential customers.

Why did Stewart succeed on radio? The ads "were slated on programs which attracted the customers we were looking for," he says. "We came in and did our pitch, speaking person to person with our audience."

Radio has been an advertising medium for small businesses since 1922, when a New York City property manager advertised apartments for rent on station WEA. Local spots still account for three-fourths of all radio advertising revenue.

"Hearing a voice is a powerful thing," says Glenn Brooks, president of Your Personal Best Productions, a Northfield, Mass., firm that offers life-enrichment seminars and produces a syndicated talk show. "Talk radio is especially a participatory forum, allowing people to call in and air their views," he says, and "the people listening have to pay more attention" when the message is delivered by radio.

Another benefit of radio is that ads can be changed quickly, just as newspaper ads can. Steve Braunstein, president of SB Manufacturers Warehouse, a clothing outlet in Farmingdale, N.Y., changes the scripts of his radio ads with only a day's

notice. "If the weather gets cold suddenly, I can call on Tuesday, have a new commercial recorded promoting our down coats, and have it on the air Wednesday," he says.

Two factors make the relatively short turnaround time possible. First, producing radio ads basically requires only an announcer and a recording engineer. Braunstein's commercials are recorded at the station that runs them; after he

Radio can be an effective medium for small firms to sell products or services.

when it is to be broadcast, and the station's reach. Low-wattage stations may offer cheaper rates, but they may also have fewer listeners than higher-wattage stations.

Never hesitate to ask the station or network questions about rates, and be sure to compare them with competitors. Sometimes, deals are fashioned to meet the needs of particular advertisers.

First-time radio advertisers also should be aware of several potential pitfalls, advises Steven C. Schechter, adjunct professor of entertainment and media law at Seton Hall University Law School, in Newark, N.J.:

■ Be careful with celebrity soundalikes. "Always use some kind of disclaimer that soundalikes are being used," says Schechter. "It doesn't insulate you from liability—you could still be sued and lose—but it does decrease chances of lawsuits occurring."

■ If a station is helping you create an ad, always work with a contract. A contract can say the ad material is truthful and not libelous and can stipulate the terms of the advertiser's liability in case the ad leads to a lawsuit.

■ Be careful about knocking the competition. Federal law on false advertising covers dishonest and disparaging statements about a competitor's products or services, says Schechter.

Once you have developed a radio ad, be prepared to run it often. "The frequency of your advertising is very important," says Daniel L. Friedman, a New York City attorney who advertises on radio. For maximum impact, he says, "you may want to stagger the number of times you advertise [throughout the day]. You may want to repeat your ad several times during the day or night to drive the point home."

If there's a foremost requirement in radio advertising, it's commitment. "It takes time to build up [listener] awareness on this medium," explains Friedman. "You'll need to be financially able to stick with it until it begins to work for you. If you do a one-time slot, you could be wasting your money."



PHOTO: T. MICHAEL KEZA

Using radio to reach customers helped John Stewart's business—computer instruction tapes—take off.

approves the script, it is read by a station announcer. This eliminates the need and expense of an outside advertising agency or an independent recording session to create the spots. Radio stations typically provide a studio and support staff for creating commercials; this service in some instances is free.

When you're considering radio advertising for the first time, ask the sales or advertising department of your local radio stations for a media kit. This information kit will explain rates, audience demographics, and, when they're available, special discounts or packages for advertisers.

There is no one-size-fits-all radio ad rate. Costs are based on the length of the commercial, how often it airs, the time

Phil Hall, a free-lance writer in New York City, was a radio reporter.

BENEFITS

Giving Workers A Company Stake

By Joan C. Szabo

An ESOP can provide long-term benefits and incentives for your employees—and tax advantages for you.



PHOTO: SUZIE CALLAWAY

Bookstore-products manufacturer Lee Morgan's ESOP is not only an added benefit for employees such as Judy Richards but also a productivity incentive.

When Lee Morgan's manufacturing and distribution company began to grow in 1979, he set out to find a way to sustain that expansion and reward the employees who made it possible. He found that an Employee Stock Ownership Plan—an ESOP—did both.

An ESOP is a tax-qualified, defined-contribution, employee-benefit plan that invests primarily in the stock of the employer on behalf of employees, who become shareholders of the firm. A plan is tax-qualified if it receives favorable tax treatment under the Internal Revenue Code. Under a defined-contribution plan, employers contribute stock or cash to employee accounts. An account's value at retirement is based on such criteria as years of service, salary level, and current stock value.

Morgan's plan not only fulfilled his goal of adding an employee benefit but also provided a productivity incentive for participating workers. Given an ownership stake, the employees could increase the company's earnings and their own at the same time.

The firm, Antioch Publishing Co., in Yellow Springs, Ohio, manufactures and distributes bookstore products such as

bookmarks, bookplates, autograph books, and photograph albums.

The company also benefits from the tax advantages offered by an ESOP. A major plus is the firm's ability to deduct not only principal and interest payments on loans used to fund the program but also dividends paid on the stock.

Antioch has continued to expand since the stock ownership plan was established in 1979: Sales have grown to \$40 million from \$3 million, and employment has risen to 450 from 60. Morgan says that the ESOP has made it easier to attract and retain good employees and has made employees more interested in the firm.

Antioch is typical of a number of small and medium-sized companies looking to ESOPs as an effective way to expand and, in some instances, to provide business continuity when an owner wants to sell the firm to the employees.

Today, there are about 10,000 ESOPs nationwide covering more than 11 million employees, says Scott Rodrick, editor of the *Journal of Employee Ownership, Law, and Finance*, a quarterly publication of the National Center for Employee Ownership (NCEO). Located in Oakland, Calif., NCEO is a private, nonprofit membership and research organization

that serves as a central source of information on employee ownership.

The number of plans rose steadily from the late 1970s until 1992, but the rate of increase has slowed in recent months because of slower economic growth. Now that the economy is gaining strength, the rate at which ESOPs are being established is likely to increase, Rodrick says.

About half of all ESOPs are used primarily to provide a market for the shares of a departing owner of a profitable, closely held company, says Rodrick, even though an employee benefit is the result. Most of the other 50 percent are used primarily as a supplemental employee-benefit plan or as a means for the company to raise money in a tax-favored way, Rodrick says.

For example, a company obtains funds from the sale of its stock to an ESOP, which has borrowed the money to finance the transaction. The company then makes tax-deductible contributions to the ESOP to repay the loan. Both the principal and the interest on the loan are tax-deductible.

In the first instance, an owner who decides to sell a business can avoid current tax on the entire gain of the company's sale if at least 30 percent of the business is owned by an ESOP. To avoid that tax, however, the seller must use the proceeds to buy stocks or bonds of another U.S. industrial company.

To set up its program, Antioch established a trust to enable employees to participate in the firm's ownership. The trust holds company stock contributed by Antioch. The contributions are tax-deductible, which helps the firm reduce its federal tax liability.

At Antioch, employees have individual trust accounts that receive allocations of stock based on the workers' pay. Every full-time employee with a year or more of service participates in the plan. After four years of employment, an employee is 40 percent vested in the program, meaning he or she has a legal right to receive 40 percent of the accrued amount contributed by the company. After seven years, an employee is 100 percent vested.

Employees must have reached the age of 50 and have left the company before they can receive the value of their stock, which they are required to sell back to the trust or the company if the firm is privately held.

If the company is privately held, the trust or the company offers to buy the worker's shares back at an appraised fair-market value; if the company is public, the employee can sell the shares on the market or hold them to sell later. The trust is obliged to repurchase shares only if the company is a private, closely held firm with no public market for its shares.

ESOPs can be leveraged or unleveraged. A leveraged ESOP borrows money to buy stock. An unleveraged one is funded with cash contributions from the company, which are used to purchase stock from the firm or from current stockholders. If the company's shares are not publicly traded, their purchase price is established by an independent appraiser paid by the company.

To obtain the potential improvements in employee productivity that an ESOP encourages, a company must communicate effectively with its employees about the advantages an ESOP offers them, says Robert W. Edwards, an attorney with the law firm of Peabody & Brown, in Providence, R.I.

"If a good communications program isn't implemented, then the employees don't understand that they own a piece of the company and that their performance affects the success of the company and their own stock holdings," says Roland M. Attenborough, an expert on ESOPs and a partner in the Los Angeles law firm of Reish & Luftman.

Like Antioch, Web Industries, Inc., in Westborough, Mass., has benefited from

"If a good communications program isn't implemented, then the employees don't understand that they own a piece of the company."

—Lawyer Roland M. Attenborough

an ESOP. Web provides contract converting services, including slitting, sheeting, spooling, printing, and laminating of paper, film, foil, and metal. The company, started by Robert A. Fulton in 1969 with two employees, now has five separate operating divisions with a total of 250 employees. Charles R. Edmunson, vice president of manufacturing, says he believes the ESOP has contributed to the company's growth.

The firm has a nonleveraged ESOP funded with company contributions based on profits. All employees are automatically enrolled in the plan after 12 months of employment and 1,000 hours of service. The amount of stock each employee receives annually depends on salary and length of service.

The ESOP has helped foster Web's total-quality-management effort and its self-directed work team approach to manufacturing, says Edmunson. "Employee stock ownership plans provide the glue

that holds worker-involvement programs together and makes them work," he says.

Despite the benefits ESOPs offer, they are not appropriate for every company. The plans can be costly to establish. The legal, accounting, actuarial, and appraisal fees for a small or medium-sized firm can total about \$50,000. Annual expenses to maintain the plan run \$10,000 to \$15,000.

In addition, a company that has an ESOP cannot become an S corporation, a status that confers limited liability while it insulates against double taxation of dividends—a complaint of regular corporations.

Another drawback to an ESOP is the requirement that private companies must repurchase shares of departing employees, which can become expensive.

An ESOP is intended to cover all employees, and it requires the owner to disclose certain financial information about the company, its performance, and its key executives' salaries. Thus, a company's management must be committed to this type of openness, say experts.

Nevertheless, advocates of employee ownership argue that the benefits outweigh the disadvantages. Los Angeles attorney Attenborough says ESOPs "provide a lot of benefits to everybody and make it possible for the company to be more productive and profitable." ■



To order a reprint of this story, see Page 81.
For a fax copy, see Page 74.

Is Your Firm An ESOP Candidate?

If you are considering establishing an Employee Stock Ownership Plan, here are six questions that will help you determine whether an ESOP is likely to work in your company. The questions were devised by Roland M. Attenborough and Bruce L. Ashton, partners in the Los Angeles law firm of Reish & Luftman, which specializes in ESOPs.

1. What is your motivation for considering an ESOP? Is it to provide an incentive for the employees to achieve greater productivity? To obtain financing for the company at a lower cost than more traditional funding structures? To transfer control to successor management? To diversify the investment of the key owner on a tax-free basis?

If the answer to any one of these questions is yes, then an ESOP may be a useful vehicle for achieving the desired goal or goals.

2. Does the company have a successor

management team in place or can it develop one in the near term?

If the answer is yes, then an ESOP can facilitate the change in management in a tax-advantaged way for the existing owners.

3. If the purpose is to raise capital or buy out the current owners for cash, does the company have a sufficient payroll as well as sufficient cash flow to service the financing?

As a general rule, \$500,000 or more of continuing annual payroll is required. If the purchase of stock by the ESOP is financed, the loan will be repaid out of contributions to the ESOP, so the company's cash flow must be sufficient to make the annual contributions.

4. If the transaction is to be financed, does the company have the track record and financial data to obtain bank or other outside financing?

If the answer is yes, the company

should be able to obtain the necessary funding. If the answer is no, the current shareholders may finance the transaction themselves. Most lenders will require personal guarantees from the principals or other security for the loan.

5. Is the company expected to grow so that ownership in the business will provide an incentive to the employees?

If the company is stagnating or declining, an ESOP which invests in the company's future, will not reward employees for loyal service, and the company may lose the benefit of establishing the plan.

Keep in mind that as employees leave, the company will have an obligation to repurchase their stock, which could accelerate adverse trends.

6. Is the company prepared to establish open communication to obtain the full benefits of such a partnership with its employees?

Keeping the company's financial results a secret will defeat a principal benefit of an ESOP: employee motivation.

EDUCATION

Offering Careers, Not Just Jobs

By Joan C. Szabo

Small-business owner Anthony Coppola believes that offering employees an opportunity to pursue a career has helped his energy-performance contracting company hire and retain good workers. Since the founding of DC Mechanical Corp. in 1978, in Hauppauge, N.Y., the firm has built its sales to \$2.5 million and its employment to 18. Six employees have been with the company for more than five years.

When Coppola and his cousin Neil DeGennaro—now the firm's vice president—launched the business, it specialized in installing residential central air-conditioning systems. But its residential business began to shrink significantly during the recent economic downturn, and the company faced bankruptcy. It quickly redirected its operation, from installing systems to retrofitting old and inefficient commercial and industrial energy systems.

DC Mechanical's comeback was a major reason it was named a 1993 Blue Chip Enterprise company for New York state. The Blue Chip Enterprise Initiative—a program sponsored by Connecticut Mutual Life Insurance Co., the U.S. Chamber of Commerce, and *Nation's Business*—recognizes businesses nationwide that have weathered adversity and emerged stronger as a result.

To attract and keep employees, DC Mechanical began to emphasize a career-path approach with employees. This enabled Coppola to offer potential and current employees more than just a job. He also established a retirement program for employees, and he plans to start a profit-sharing plan to make the company's benefits package even more attractive.

Coppola believes his approach has paid off. Several DC Mechanical employees have been with the company since the late 1980s. One worker, for example, has advanced from a clerical position to become the company's computer administrator, handling all programming and automation. Another longtime employee started as a

repair technician and is now manager of the service department. He is expected to assume additional responsibilities as the company continues to expand.

Unlike many larger companies that have moved away from providing workers with a long-term career path, small firms are often well-positioned to give employees a chance to build a career, say human-resources experts.

"Career growth in smaller firms comes

Small firms are often better positioned than large companies to give employees the chance to chart their own career paths.

that an employee is likely to have more responsibilities in the first three to five years at a smaller company than at a larger one. That's because smaller firms have fewer employees and, thus, typically need workers to take on many tasks.

At the same time, small-business owners must be careful not to give false hope to prospective employees, cautions Eileen Canty, a principal with William M. Mercer, a New York management consulting

firm specializing in employee benefits, compensation, and human resources.

The best approach in hiring is to describe the job accurately. If the position is not expected to lead to a more advanced one, say so, Canty advises.

Although small firms do have the advantage of offering employees the opportunity to gain more skills and do different tasks, human-resources experts say a good deal of career growth rests more than ever with employees themselves. "Today, it is the employee's responsibility to take charge of his or her career," says Canty. "The organization doesn't owe it

to the employee to have a clearly defined career path anymore."

Business owners, she says, should make sure employees understand that they must take responsibility for their own career development. "This might include acquiring a mentor, taking advantage of training opportunities, and volunteering to serve on workplace committees," she says.

Henry Oehman, a compensation specialist at Buck Consultants, in Atlanta, says it is incumbent upon employees today to constantly work at upgrading their skills so they can be effective in helping the company achieve its goals.

Employees know they must be especially flexible, says Wellman of Korn Ferry. "It is important to hire people who by definition can shift gears and make transitions as the company moves ahead."

(For more on career development, see Family Business, Page 66.)



PHOTO: DWAYNE SORCE

Energy-systems entrepreneur Anthony Coppola believes his firm is able to attract and keep employees because it offers them professional growth.

through the company's growth," says Michael Wellman, vice president and partner in the New York office of the recruiting firm of Korn Ferry. As the company grows, employees often can assume more responsibility and carve out larger roles for themselves. However, increases in responsibility don't always result in more impressive job titles.

In using the career-path approach, as Coppola does, small firms often have an advantage over their larger counterparts in hiring. The person who interviews job candidates can emphasize the point that while pay and benefits may be lower at a smaller company than at a larger one, the smaller company may offer greater opportunities for individual growth.

Another advantage for small firms is that they typically see an increase in employee loyalty. Human-resources experts say that when interviewing a job candidate, it's important to emphasize



We Have Networking Solutions Lined Up For You.

3M Media Networks has been providing our customers innovative solutions through magazine networking for over 25 years.

Our network combinations offer advertisers a unique way to target their advertising on a local geographic basis to demographic audiences in 150 zip code markets. Each network audience is comprised of discriminating readers who are influential consumers, prospects, and buyers of your product and services.

Whether you're interested in brand positioning or direct response results, let us demonstrate how the reach and frequency of our News, Business, Home, Sports and Action Networks can provide extra media weight to your regional campaign.

For a custom proposal, call Peter Quigley, Marketing Director, 203-967-6407, at 3M Media Networks.

We have networking solutions lined up for you.

3M Media

"I RECOVERED FROM CANCER."

Ruth Williams, Malvern, PA



"I had metastatic cancer. But, thanks to my doctors and the Center for Advancement in Cancer Education, my story has a happy ending. I recovered 14 years ago.

"The Center is a non-profit organization that helps people fight cancer and prevent cancer.

"The Center helped me through its physician referral service, psychological support team and nutritional awareness program.

"The Center helped me win my battle against terminal cancer. It can help you, too."



"Combining the body's natural healing potential with advancements in medical science.

Suite 100, 300 E. Lancaster Ave.
Wynnewood, PA 19096

For free information call:
215-642-4810

Photo by ALAN K. MARKS

The Second Generation

By Meg Whittemore

A franchise company, like any other growing business, has a life cycle. The franchise founder develops the company to a certain point, after which growth can stall. When that happens, the founder, typically a visionary entrepreneur, might step aside so that a professional manager can reorganize and redirect the company for future market positioning.

"There is a place for both the visionary and the management specialist," says James Bugg, chairman of the International Franchise Association, a Washington, D.C., trade group whose members are franchisors and franchisees. "If the visionary is smart, he will know when it is time to step aside and let professional management take over."

The shift toward embracing what is known as professional management is gaining momentum largely because of pressures in the marketplace: Outside investors who purchase mature franchise companies expect proven management techniques to be part of a franchise's future; founders of large franchise companies often find that growth has reached a plateau; sophisticated franchisees demand more-consistent training and support services from their franchisors; or the company's profits begin to decline.

"Entrepreneurs recognize that they need to do one of two things in order to grow: either personally change and become more of a manager, or bring in professional management people to run the company," says Bob Gappa, founder of Management 2000, a management training company in Houston. It's a hard decision, he says, and making the appropriate changes takes about three years.

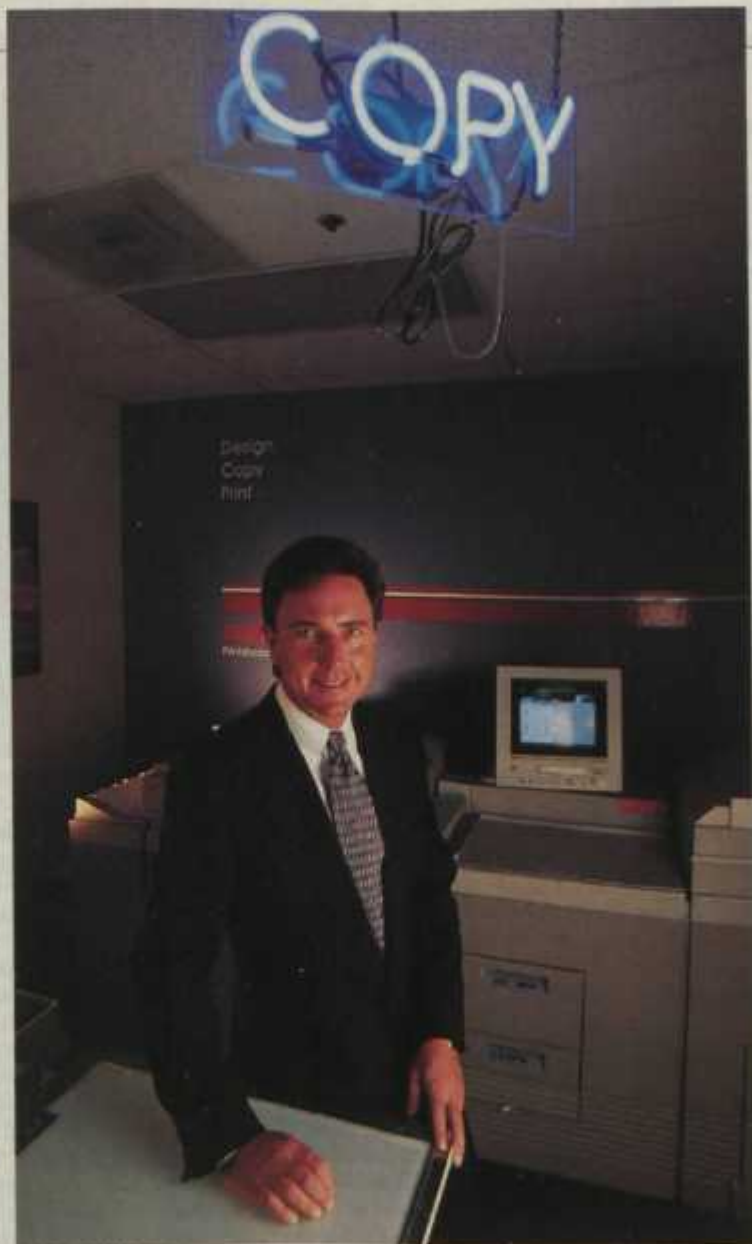


PHOTO: PAUL GERO

Finding how to serve each franchisee's needs is a management challenge, says Michael Witte, chairman and CEO of AlphaGraphics Printshops.

Michael Witte, chairman and CEO of AlphaGraphics Printshops of the Future, a franchise based in Tucson, Ariz., puts it this way: "Professional management is a method of looking at a business using real analytical tools, such as forward planning and benchmarking progress against established good business practices.

"It is also considering the individual needs of the franchisees and working out

Maturing franchises are embracing techniques in professional management.

ways to meet those needs."

That requires a plan, a two-way communication system, an open-door policy to solicit suggestions from franchisees, and an empowerment program that involves every member of the organization.

Coming up with these things is difficult when you are dealing with, as Witte says, "a voluntary alliance of independent business people all using the same operating system and sharing the same philosophy."

How do you manage in that scenario? By drawing everyone into the process of developing the company's mission statement, setting goals, measuring progress, and planning for future needs.

"Once we clearly understand what our franchisees want to accomplish in their businesses, then we can figure out how to help them," Witte says. There has long been a cookie-cutter approach to servicing the franchisee, he says, "and that simply does not address the realities of the situation."

While many franchisees thrive under a "same-for-all" philosophy, some franchisors are revisiting their management philosophies, finding that the franchisor-franchisee landscape has changed and that fresh, dynamic approaches to old relationships are needed.

"Franchise management is a process, not an event,"

says Roy Cammarano, president of Entrepreneurial Development Group, Inc., a management consulting firm in Dana Point, Calif. When the process stalls—usually resulting in stagnant sales and frustrated franchisees—it's time to look in the mirror and make a change, he says.

Most franchisors are able to expand their companies through their own focused sales efforts, handling day-to-day

FRANCHISING

The Ultimate Business: Kids, Computers, and You.

Quality education is nearly extinct. But you can prepare our children for the future by helping them master computers today. With our proven teaching methods and proprietary curriculum, FUTUREKIDS is one of the most rewarding businesses you can own. No prior teaching experience is necessary and your initial investment is low. New and established franchisees are now available!

FUTUREKIDS®
COMPUTER LEARNING CENTERS

1-800-876-5444
Fax (310) 337-9346

Offering by U.F.O.C. only.



Circle No. 33 on Reader Service Card

FINALLY, AN AFFORDABLE FRANCHISE

As a KTU Worldwide Franchise, you will market a unique line of on-site wood restoration and repair services to both residential homeowners and commercial property owners. Virtually, everyone can be your customer.

- Low investment of \$14,900.
- Unlimited wood care services including Kitchen Tune-Up and Woodin't Furniture Repair.
- Home or office based.
- No inventory.
- Low #'s of employees.

EXCLUSIVE TERRITORIES ARE SELLING FAST... SO CALL TODAY!



Circle No. 52 on Reader Service Card

operations themselves and relying on a high-energy staff and flexible franchisees. The formula works well for several years until the internal structure can no longer support the franchisees' needs. The company has grown to a certain level but cannot grow any further.

"Franchisees typically overdevelop the concept of their businesses and underdevelop the structures," Cammarano says. If the structures remain immature, the organization may become dysfunctional, he says, and the company's future is threatened.

Key support structures include training manuals, standardized communication, performance evaluations, training programs—an overall consistency in day-to-day operations.

Here is how maturing companies are using professional management techniques to improve the way they do business:

Dual Responsibility

When it rewrote its franchise agreement, AlphaGraphics Printshops of the Future, headquartered in Tucson, relied heavily on input from franchisees. The effort, part of a restructuring of the franchise system, is one of several ways the company tries to promote effective communication and dual responsibility between the franchisor and the franchisees. Last year, sales at the company's more than 330 franchised locations in 16 countries totaled \$167 million.

A force behind AlphaGraphics' re-engineering 2½ years ago was the company's new chairman and CEO, Michael Witte, who had been an executive at R.R. Donnelly & Sons, a commercial-printing company based in Chicago. "Coming from the outside, I was used to commercial-customer relationships," says Witte, "and I found it curious that franchising had a rampant attitude of paternalism."

Witte also questioned what he calls the "two myths of franchising," namely, that the only way to run a franchise is through rigid controls, and that given the opportunity, franchisees will always do the wrong thing.

"Entrepreneurs are people who tell others *what* they want, *what* to do—it is how they view the world," Witte says. "They never stop to ask the question *why?*" When managing large organizations, "the key issue becomes communication," and that requires explaining why you want something done a certain way, he says.

When Witte joined the company in 1991, franchisees in northern California were organizing to break away from the

system. Fewer than half of the system's franchisees were submitting monthly income statements. Royalty collections were difficult to enforce. In general, satisfaction among franchisees was low.

"The gamble I took was to involve our franchisees and completely restructure the system," Witte says. Nine franchisee representatives were chosen to take part in rewriting the franchise agreement. The representatives helped decide what was needed internally so that the franchisees could compete effectively, how everyone in the franchise should behave as business people, how the stores should relate with one another, and what kind of business culture the franchise should have. The new franchise agreement is considered innovative in four key areas: universal service credits, royalties, multiple-unit operations, and a franchisee buy-out option.

Universal service credits are based on timely payment of royalties and may be used toward the purchase of specially tailored services to fit individual franchisees' needs. For example, a franchisee who

needs help in marketing may use the credits to buy a special marketing-training program from the franchisor. And the more money a store makes in a year, the lower its royalty percentage.

The new agreement also waives the \$49,000 initial franchise fee for franchisees who want to open new stores in their territories. On the other hand, a franchisee buy-out option allows a franchisee to cancel his or her franchise agreement without cause and buy out the contract.

"I can't recall a single issue that the group felt strongly about that we weren't able to incorporate into the agreement," Witte says. The acid test was how many existing franchisees would convert to the new agreement. "We thought that maybe 65 percent might convert," he says. To date, 92 percent of AlphaGraphics' franchisees have done so. Witte says the new franchise agreement has been instrumental in bringing the northern California franchisees back into the fold.

In another innovation, franchisees who prepare an annual business plan—called a profit plan—earn such incentives as lowered royalty payments and added specialty training.

In meetings at each franchise location, the franchisee owner-operator and his or her employees are asked to develop a set of core company values and to project what they believe is the competition in their market. These ideas become part of the company's annual planning.

A key to improving a company's per-

"If you need outside management help, get it."

—John Kelly, Pak Mail

Franchising

SPECIAL GUIDE

formance is to address the needs of the franchisees and involve every individual in the system in a meaningful way. "You don't need to tell people what to do," Witte says. "You need to provide understanding and incentives to do what everyone agrees is important to do."

Redirecting A Company

When John Kelly accepted the position of

outside the store. A year and a half after arriving at Pak Mail, Kelly hired Jack Hadder, president of Research Analysis, in Herndon, Va., to conduct a satisfaction survey among Pak Mail's 200 franchisees. "I wanted to do this to satisfy in my own mind that we were going in the right direction from the franchisees' point of view," Kelly says.

Not all of the responses were positive, but the results were encouraging. "It has



PHOTO: GUY W. ANDERSON—BLACK STAR

Communication with the founder is critical, says Vern Stewart, brought in to be chief operating officer of Virginia Rogers' Relax The Back Franchising Co.

president of Pak Mail Centers of America in 1989, the company was losing \$1.2 million a year. Pak Mail is a packaging, shipping, and business-support franchise based in Aurora, Colo.

The first thing he did was to stop selling franchises. "When you are losing that kind of money, it is a tough decision to stop selling, but at that point I felt we had nothing to sell," says Kelly, who had 20 years of experience in training and management positions at Hallmark Cards.

"I didn't have a background in franchising, but it didn't take me long to realize that I had to make our existing franchisees profitable before bringing new franchisees into the system," Kelly says. He dug in, providing retraining, implementing computer software programs, and redirecting the company's marketing emphasis.

"I told our franchisees that they wouldn't make any money standing behind the counter and selling stamps—the profits were in small-business support services and specialty packing and shipping," he says. That meant training them to market the franchise's services actively

taken us 2½ years to clean up the system," Kelly says. Although the company is still in the red, Kelly expects it to be profitable next year. In the past two years, average store sales have increased 74 percent, he reports, and royalties have grown 31 percent. Kelly expects to open 51 more stores this year.

Kelly's advice to franchisors whose companies are in trouble: "If you need outside management help, get it. Swallow your pride, and realize that everything you try is not always right. Stop and take a hard look at yourself, and make whatever adjustment you must to your operations."

Getting Help

Professional managers are also helping smaller franchisors restructure their companies so they can continue to expand. The transition is often painful and one in which egos must be put aside, says Roy Cammarano, the California management consultant.

Kaaydah Schatten-Forrest and her husband, Rob, decided to move their Toronto-based Ceiling Doctor franchise



"Environmental solutions equal an enormous opportunity for profits. We are positioned as the leader in this exciting new industry."

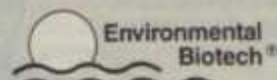
William F. Hadley
President & CEO

Environment = Opportunity

"Billions will be spent this year in the clean-up and maintenance of our environment, the fastest growing industry in the world. You can stake your claim to this explosive business. We have to solve our environmental problems...creating an opportunity of unprecedented proportions."

Environmental Biotech is a business-to-business program utilizing the latest breakthroughs in biotechnology and science. This business is not for everyone! We require hiring and management experience, marketing background, entrepreneurial desire, and an investment in excess of \$100,000. You will manage a staff of 5-10 employees performing environmental sales and service to the monstrous food service and manufacturing industry, government agencies, and other businesses. We are looking for business people not technicians...no scientific background is required.

If you are a limitless, achievement oriented person with the ability to implement and manage a dynamic growth business program, we need to talk. Discover why Entrepreneur and Success magazines rank us among the top franchises. Discover the most exciting business opportunity of this decade...CALL NOW!"



YOU WIN. EARTH WINS.

(813) 358-9112

4404 N. Tamiami Trail, Sarasota, FL 34236

This ad is not an offering. An offering can only be made by a prospectus filed with the Dept. of Law of the state of New York. Such filing does not constitute approval by the Dept. of Law.

to Dallas three years ago because they wanted to expand throughout the United States. Ceiling Doctor is a specialty ceiling-cleaning franchise with 120 locations in 30 countries. Projected gross sales for 1994 are \$10 million.

The couple had trouble expanding beyond the 20 Ceiling Doctor franchises they had sold in the United States. No one else "wanted to buy us here because we were considered to be a start-up company," she says. The couple spent two years investigating different ways of expanding in the U.S. market—from participating in joint ventures with other companies to selling their business to another franchisor.

"It was endlessly frustrating," Schatten-Forrest says. "Rob and I finally decided that we needed an individual who would come in and work with us for three to six months and then take over the U.S. operations so we could do what we do best, which is sell internationally."

Ads in the Dallas newspapers drew 400 résumés, and the couple interviewed 58 candidates. Jerry Sheaks, who was a national account sales manager for Pioneer Laser Entertainment, a division of Pioneer Electronics, in Long Beach, Calif., got the nod. He joined the company in December 1993 as its new president and master franchisee for the U.S. market.



PHOTO: ©TODD BUCHANAN

The art of flipping dough is demonstrated for Rosati Pizza's president, Ron Stockman, left, by Geary Rosati, as partner Rick Rosati enjoys the show.

The transition began. "It was very hard to go from entrepreneur to leader and manager for Rob and me because we had a big extended family of franchisees," Kaaydah Schatten-Forrest says. "The toughest thing is to change learned behaviors—theirs and ours."

In addition to dealing with U.S. Ceiling

Doctor franchisees, Sheaks is also working to change the company's structure in a way that will allow domestic expansion.

"I am asking the franchisees to share their experiences with me so I can begin to understand their values and what is important to them," Sheaks says. "The biggest challenge is elevating the existing

The Best Franchise in America...and we're only getting better.

- Success and Entrepreneur magazines rank GNC one of the top franchises.
- Low minimum investment of only \$55,000.
- Direct financing available

Join one of
America's fastest-
growing franchises.
For details, call
1-800-766-7099

GNC
GENERAL NUTRITION CENTERS
Where America Shops for Health®

GNC Franchising, Inc.
921 Penn Avenue,
Pittsburgh, PA 15222

Circle No. 47 on Reader Service Card

ENJOY THE BEST OF BOTH WORLDS!



Take the dynamic growth of the temporary employment industry, combine that with the tremendous size of the health care industry, and you have a winning combination.

Staff Builders, a leading provider of home health care services with a national network of franchise offices, is pleased to announce a new franchise opportunity.

Staff Builders Medical Staffing Services provides temporary personnel to the entire health care industry, which represents 14% of the United States G.N.P.!

For details call 1-800-444-4MED today.

STAFF BUILDERS®
MEDICAL STAFFING SERVICES

Circle No. 22 on Reader Service Card

Franchising

SPECIAL GUIDE

organization to the next level of growth." For Virginia Rogers, founder and president of Relax The Back Franchising Co., an Austin, Texas, company that retails products designed to eliminate back stress, the decision to bring in Vern Stewart to take over as chief operating officer was a clear-cut one. "I wasn't able to follow up on any of the sales leads," she says. "I was fighting fires constantly and dealing with everything because that was how I had structured the company. I needed someone who was a better manager than I am."

Stewart, who had held management positions with several franchise companies when he arrived late last year, says the biggest challenge right now is the personal nature of relationships with the company's 15 franchisees. Systemwide sales last year totaled \$5 million. "The franchisees are all receptive to new management ideas, but they tend to want to continue having a family relationship with Virginia," he says.

A new form of communication, however, was needed to implement long-term strategic planning and set new priorities. Day-to-day problems now come to Stewart instead of Rogers. "Anytime there is a change in management style, it requires adjustment," Stewart says. He cautions newly arrived professional managers that communicating with the founder is criti-

cal. "It is their company," he says. "They call the shots, so there is a great need to explain and sell what is happening, why it is happening, what the expected results

are, and how we are going to measure those results."

Expanding A Concept

The Rosatis run 48 pizza restaurants in the Chicago area, all of them owned and operated by family members. While Ro-

Resources

If you are interested in learning more about professional management growth strategies, check the business-school listings at your local colleges and universities. Programs that focus on entrepreneurial development are increasingly appearing as either academic course listings or as separate academic departments.

There are numerous books on the subject, and they are generally available at libraries or bookstores. Here's our recommended reading list:

■ *The CEO Paradox—The Privilege and Accountability of Leadership* (AMACOM), by Thomas R. Horton.

■ *Collaborative Selling* (John Wiley & Sons), by Tony Alessandra and Rick Barrera.

■ *Entrepreneurial Transitions* (Griffin), by Roy Cammarano.

■ *For Entrepreneurs Only* (Career Press), by Wilson L. Harrell.

■ *Leadership and the Quest for Integrity* (Harvard Business School Press), by Joseph L. Badaracco Jr. and Richard R. Ellsworth.

■ *Leadership is an Art* (Doubleday), by Max De Pree.

■ *Managing at the Speed of Change* (Villard), by Daryl R. Conner.

■ *Managing in Turbulent Times* (Harper & Row), by Peter F. Drucker.

■ *The 7 Habits of Highly Effective People* (Fireside), by Stephen R. Covey.

The Center for Entrepreneurial Leadership, an education group in Kansas City, Mo., offers seminars and reading materials on entrepreneurial growth, management strategies, transition issues, and effective communication.

For more information, call the group at (816) 932-1000.

Video Yearbooks

"High School memories are going high-tech. The Video Yearbook has arrived."

—New York Times

Be A Part Of An Era
Whose Time
Has Come!

"Music videos have become a staple of teenage life. Now they're influencing an old standby — the high school yearbook."

—Business Week

"People used to say 'If my old yearbook could talk' — well now it can."

—ABC News

Want to be part of an exciting new industry? International Video Yearbooks makes it possible for you.

- ✓ Investment of only \$15,000 to \$35,000
- ✓ Exclusive territories
- ✓ Full training with continuous support
- ✓ Market insight and personal backup from a staff with over 30 years experience marketing to High Schools

So if you're motivated by work that's fun and interesting... if you want the excitement of marketing a hot new product and are serious about being in on the front end of an already exploding market potential, let us tell you about our incredibly successful track record.

Contact: Don Covington, International Video Yearbooks,
One Lakeside Plaza, Suite 507, 25 Century Blvd., Nashville, TN 37204
1-800-552-9103, Outside USA (615) 889-3700



New Image Equals New Opportunity From Ponderosa®

Ponderosa®, one of the oldest, largest and most successful family steakhouse chains, is opening a new frontier of franchise opportunity. With a hot new "New West" décor and atmosphere, exciting menu offerings, quality and value, there's never been a better time to consider a future with Ponderosa®.

- Franchise availabilities from single units to entire market areas. Also cost-saving building conversion opportunities.
- Full corporate support from the 29-year steakhouse leader—real estate, construction, operations and unit opening team; unequalled training and marketing expertise.
- The centralized purchasing power of an 1100-plus restaurant group to help minimize operating costs.

Find out more about becoming part of our new era of growth.

800-543-9670

PONDEROSA®
AMERICA'S FAMILY STEAKHOUSE™

\$500,000 net worth
\$125,000 liquidity

FRANCHISING

INVEST IN YOURSELF

MAACO, the nation's leader in the auto after market is looking for motivated, aggressive men and women, with strong management skills, to own their own

MAACO AUTO PAINTING & BODYWORKS CENTER

If you have a strong desire to succeed, now is the time to invest in yourself! No automotive experience necessary. We offer comprehensive training and on-going operational support. \$60,000 minimum cash required.

Call 1-800-BY-MAACO
(1-800-296-2226)
Franchise Development



Circle No. 58 on Reader Service Card

sati's Pizza is known locally, Rick Rosati and his nine partners (all of them relatives) have wanted to expand their concept beyond their hometown.

In the late 1970s, the family decided to

franchise its business. "We soon found out that franchising is a totally different business, and we weren't prepared for it," Rick Rosati says. Another attempt to franchise was launched—again without

A Turnabout

Thomas Vitacco, now national director of franchising with Bally's Health & Tennis Corp., in Chicago, was until recently president of World Gym, based in Santa Monica, Calif. World Gym, founded by internationally known bodybuilder Joe Gold, focuses on serious bodybuilders; it had been struggling to capture the broader fitness-center market when Vitacco was hired in 1993 to build a franchise foundation for the company's future expansion.

Not long afterward, Gold decided that franchising wasn't what he wanted for his company. Vitacco, with 25 years of franchise experience as an owner and a developer, says: "Franchising can be scary for some entrepreneurs. It can be very tedious, and it takes lots of stamina." He adds that

business owners must realize that franchising is a process. "It is a constant refining of what you have and recognizing that your most valuable resource is the emerging franchise system."



PHOTO: SPINTECA LARZA

Thomas Vitacco, flanked by Pro Mr. America Don Ross and Ms. Fitness America Mia Finnegan.

Jani-King

"WE'RE NOT THE BEST BECAUSE WE'RE THE BIGGEST... WE'RE THE BIGGEST BECAUSE WE'RE THE BEST!"

NUMBER 1

AS THE WORLD'S LARGEST COMMERCIAL CLEANING FRANCHISOR, WE BACK OUR FRANCHISEES WITH COMPLETE TRAINING, START-UP CONTRACTS, EQUIPMENT LEASING, INSURANCE AND MUCH MORE. FRANCHISE OPPORTUNITIES RANGE FROM \$6,500 TO \$14,000+. JANI-KING HAS BEEN RANKED NO. 1 IN ITS CATEGORY FOR EIGHT YEARS IN ENTREPRENEUR MAGAZINE'S FRANCHISE 500. TO LEARN MORE, GIVE US A CALL TODAY!

(800)552-5264

© 1994 Jani-King International, Inc.

Circle No. 8 on Reader Service Card

Earn \$4,000 Per Month From Your Home With A Computer!



FREE CBSI 486

run, a computer — we will provide free, home office training. Financing available.

Find out how other couples, and individuals like yourself, are building a lifetime income!

To receive your free cassettes and color literature, call toll-free:

1-800-343-8014, ext. 32

(in Indiana: 317-758-4415) Or Write:

Computer Business Services, Inc., CBSI Plaza, Ste. 32,
Sheridan, Indiana 46069

Franchising

SPECIAL GUIDE

success—in the late 1980s.

"We know how to make pizzas, sell them, deliver them, and keep our customers," Rosati says, but, lacking the knowledge and special skills required for franchising, the family decided to go to an outsider for help. "We wanted someone who wasn't a prima donna and who had come up through the ranks in the restaurant industry," Rosati says.

After six months of conversations and meetings with the family, Ron Stockman joined the business as president. Before joining Rosati's, he was president of Mid-Continent Restaurants, Inc., a company that managed Gino's East and Edwardo's restaurants.

"The personality blend is *extremely* important," Stockman says. "I was very sensitive to the chemistry that I was feeling as we talked and met over the six months."

Since arriving last year, Stockman has converted the family business into a franchise. That meant standardizing store decor, signage, logos, menus, store operations, and marketing plans.

Last year, the company's systemwide sales were \$25 million, and the owners are optimistic that Stockman can sell franchises nationally. "Ron has skills we don't have," Rosati says. "We can make our stores very successful on an individual

level while he can take our concept into the national marketplace."

Communication

Throughout the transition from entrepreneurial-driven companies to professionally managed businesses, communication remains a critical component. Talking to and meeting with franchisees before, during, and after the new management team arrives serves to minimize anxiety and maximize cooperation.

When Jim Amos joined The Brice Group, based in Dallas, in 1989 to run the domestic operations of I Can't Believe It's Yogurt (ICBIY), he made a point of meeting with franchise owners and making himself available to them. "If he had hidden in an office and had not gotten out to know people, then there would have been a lot more uncertainty among the franchisees," says Robin Toney-Davis, an ICBIY franchisee in Greensboro, N.C.

The frozen-yogurt business has experienced its share of shrinkage as a result of market oversaturation and shifting consumer preferences. Currently, there are about 1,300 ICBIY outlets in 30 countries. Last year's gross systemwide sales were nearly \$100 million.

Amos has worked toward offering the ICBIY franchisees additional concepts aimed at broadening their products and

GO INTO
BUSINESS
WITH
SOMEONE
WHO HAS A
RECORD.

OPEN A MAYTAG HOME APPLIANCE CENTER

When you open a Maytag Home Appliance Center, you can put 25 years of proven dependability to work for you. Not only will you be selling our #1 consumer-preferred washers and dryers, but our full line of dishwashers, refrigerators, ranges and microwaves as well.

You'll also have a chance to make additional income selling parts and rebuilt appliances, plus servicing all major brands.

A \$25,000 minimum investment is recommended. So if you want to build a future with someone who has a past, call 1-800-233-5399 ext. 300 for more details.



MAYTAG

The Dependability Place.™

© 1992 Maytag Company

Krystal Franchisees Get 2 Unique Things...

1. The famous little 'Krystal', available only at Krystal.
2. Virtually unlimited growth opportunities.



For More Information, Call Today:
1-800-458-5912

\$200,000 Minimum Cash Requirement



The Krystal Company
One Union Square
Chattanooga, TN 37402

FRANCHISING

PERSONALIZED
CHILDREN'S BOOKS

Turn a small investment into that profitable full or part time business you have always dreamed of owning.

An excellent home operated business! Books sell fast in stores! At fairs! Parties! Malls! Mail order...anywhere there are people! It's easy to make and sell our exciting line of personalized books (for children & grown-ups).

Other exciting products!

Kid Secure of America
Signature Analysis
Personalized Clocks,
Key Chains, Audio
Tapes, & Stationery



My Very Own Book, D&K Enterprises
3216 Commander, Suite 101, Dept. 15
Carrollton, Texas 75006

Begin the business of a lifetime!
CALL TODAY!!
(214) 248-9100

services. Franchisees may now add ICBY's line of fat-free food products, scoopable frozen yogurt, and gourmet coffee lines to help attract customers.

Toney-Davis added all three concepts to her Greensboro franchise and has watched her 1993 sales increase 21.8 percent over the previous year. "Jim has been very good at making sure that the owners who have been through tough times still have hope, and sometimes that's just what you need to carry you through," Toney-Davis says.

"If you can focus on a simple set of values and principles that speaks to people, that recognizes them as individuals and that we are all in this together, you get a whole different sense of cooperation that takes place," says Amos.

Management consultant Roy Cammarano sums up the impact of professional management on maturing franchises: "Management must be approached from a psychological perspective. It is working with human behaviors, relationships, and communication. Franchisors who take the time to learn and implement these basic concepts will better position themselves for survival in the 1990s and beyond." Hiring a professional outside manager could be one way to embark on that course.

The Four Stages
Of Growth

Examining the growth stages of entrepreneurs often illuminates the weak links in a franchise system. Entrepreneurs, including franchisors, grow in four different phases, according to Roy Cammarano, a business consultant and author of *Entrepreneurial Transitions* (Griffin). Those four phases: entrepreneurial genius, benevolent dictator, dissociated director, and visionary leader.

Entrepreneurial Genius

The company is new, the entrepreneur is fired up with enthusiasm, products and services are online, and expectations for future success are unbridled.

It is common for entrepreneurs to view the future with a simple, one-dimensional plan: Create the commodity, and sell it. During this initial phase, entrepreneurs have little patience, time, or energy for anything except the pursuit of more sales.

Benevolent Dictator

In this phase of development, entrepreneurs act like parents who tell their children—employees and franchisees—what to do and when and how to do it. As

Earn The Living You've
Dreamed Of...
Right In Your Own
Dream House!

Live in a stunning Eagle's Nest home with design features not found elsewhere at twice the price.

Models as low as \$17 per sq. ft.



Earn \$5,000 to \$15,000 per home...

- Quality
- Design Flexibility
- Keep Present Employment

The only qualification you need is the ability to purchase or mortgage a \$25,000 model which may be finished as a home to live in, or sell, or completed as an office, condo, duplex, or other commercial enterprise.

For a FREE full color brochure:
Call Mr. Nations at 1-800-579-1079 (24 hrs.)
Fax: (404) 720-7605, or write:

Eagle's Nest Homes, Inc.
205 Eagles' Nest Drive
Canton, GA 30114-7972

BUSINESS
PARTNER

**\$150,000+
Income Potential**

Attorney offers opportunity for local (non-attorney) partner to operate branch operation. Lucrative business (not a franchise) offers unique service in multi-billion dollar market. Candidates must be bondable, have outstanding references, good communication skills and \$12,000 start-up capital. No selling. Begin part-time or full-time. For full information, call:

Lisa Morgan
(800) 442-3390
Mon.-Fri., 9:00AM-5:30PM CST

Franchising

SPECIAL GUIDE

more force is used to bring everyone into conformity, employees—and franchisees—often rebel.



PHOTO: SCOTT CORNIA

"Franchise management is a process, not an event," says consultant and author Roy Cammarano.

Dissociated Director

This phase of entrepreneurial development is confusing and frustrating for everyone in the company. Entrepreneurs

learn that the company does not want to be dependent on them for every decision. Their egos suffer, and they feel alienated.

Dissociated directors often claim they will remove themselves from the day-to-day running of the company and bring in professional managers. They can't resist meddling, however, and many of them soon go back to running the company "their" way.

Visionary Leader

Leadership and management processes are used in a corporate environment to position the company for sustainable long-term growth. Visionary leaders:

- Live within identified values.
- Think before acting.
- Are consistent.
- Communicate openly, honestly, and directly.
- Exhibit patience.
- Develop a participatory style of management and decision making.

"Understanding entrepreneurial behaviors, appreciating the motivations behind those behaviors, and modifying them can help shift entrepreneurial geniuses, benevolent dictators, and dissociated directors into visionary leaders," says Cammarano.

All Signs Point To Unlimited Growth.

Everywhere you look at Hardee's, you'll see signs of an incredible franchise investment. At 3500+ restaurants, we're the fourth largest*—and one of the fastest growing—fast food hamburger chains in the world (not to mention the fact that we're now the country's second largest brand in the chicken category). Our diverse menu is producing incredible results all day long. From Fresh Fried Chicken to hamburgers, breakfast biscuits and garden salads, Hardee's has the variety today's consumers demand. And our



franchisee-company relationships, backed by 30 years of success and expert field support, are the strongest in the business.

Here's the best sign of all: franchise opportunities offering multi-unit growth and real estate ownership are now available in several large and small markets.

If you have net worth of \$750,000 (excluding primary residence) and a minimum liquidity of \$300,000, give us a call—and follow the signs to an incredible future.

Hardee's
1-800-777-8000

Hardee's Food Systems, Inc. • Franchise Sales
1233 Hardee's Blvd. • Rocky Mount, NC 27804-2815

This ad does not constitute an offer of a franchise. An offer can only be made by the delivery of an offering circular to a prospective franchisee. ©1994, Hardee's Food Systems, Inc. *Based on sales.

FASTSIGNS

The One Day Sign & Lettering Experts



**BUSINESS
TO BUSINESS
SIGN FRANCHISE
IN AMERICA.**

— Entrepreneur Magazine
(1992-1994)

**JOIN THE WINNING TEAM:
800-827-7446**

THE EXECUTIVE'S FRANCHISE.™

If flipping burgers or changing oil is not for you, look into the executive's franchise.

As the number one training franchise in a \$45.5 billion growth industry, we seek business professionals to join our team of over 250 associates around the world.

Turn your past business experience into a rewarding future.



**PRIORITY
MANAGEMENT™**

Marketers of THE PRIORITY MANAGER™
An Essential Management Skills Program

Call 1-800-221-9031
Ask for Franchise Marketing.

Family Business

Showing smaller investors respect; nurturing the next generation; settling a feud between two brothers.

OBSERVATIONS

New Relief For Minority Shareholders

By Sharon Nelton

A son has worked for his father in the family business for nearly 20 years when, in a disagreement, his father fires him. Suddenly, he is without a job, and what's more, he can't sell his shares because the company is privately held.

In another case, the majority owners of a business hire their cousin, a minority shareholder. They pay him a good salary, but, after a very good year, they award themselves—but not him—bonuses exceeding \$1 million.

In still another instance, the controlling managers pay themselves big salaries, but they don't declare a dividend. Minority shareholders get nothing.

What do these minority shareholders do? They sue. And their chances of winning in court are better than ever, according to Bernard A. Feuerstein, a partner in the New York City law firm of Baer Marks & Upham. "Increasingly," he says, "courts and legislatures are recognizing that the legal position of minority shareholders needs strengthening."

Many states, he says, now give legal weight to the "reasonable expectations" that an individual might have as a minority shareholder in a privately held com-

pany, such as the right to a job in the company or a seat on the board. In New York, minority shareholders owning at least 20 percent of the stock can ask the court to dissolve the corporation when the controlling shareholders are guilty of "oppressive actions," such as those described above.

Courts generally try to avoid the dissolution of a business, but they are, Feuerstein says, requiring majority shareholders to buy back the stock of minority shareholders so the latter aren't locked in, forcing controlling shareholders to declare a dividend, or ordering controlling managers to reduce excessive salaries.

Feuerstein, however, cautions that "the improvement in the rights of minority shareholders has not reached the level where just because you're a minority shareholder, you're going to get a free ride." For example, he points out, a minority shareholder who is employed in the family business "has to show the ability to perform."

Nevertheless, enhanced rights for minority shareholders may be worrisome if you're a business owner. Many times, Feuerstein says, litigation ensues because



minority shareholders feel they are not getting the respect they deserve from the controlling shareholders. Some ways you can show respect, he says, are to:

- Add minority shareholders to your board. It won't give them decision-making power, but it will give them a voice.

- Offer written employment agreements to minority shareholders who work in the business. Spell out the rewards they will receive for exceptional performance, and assure them you will buy their stock at fair market value if things don't work out.

- Create separate classes of common stock, giving the controlling shareholders Class A (voting) stock and the minority shareholders Class B (nonvoting) stock. This provides them with the same economic rights that the Class A shareholders have but helps avoid problems caused by discontented minority shareholders.

None of these steps would undermine an owner's power, and they would show minority shareholders that they're being treated as part of the family in the business, says Feuerstein. "More and more managements are doing it, and it's good business."

PLANNING

A Golden Opportunity For Career Development

By John L. Ward and Craig E. Aronoff

"Our mission as a family is to support individuals, as they seek it, to develop to their full potential."

That mission statement, from an East Coast wholesaler, is an example of one of the special advantages that family businesses have: the ability to foster a family member's personal development. In this way, family and business become part of a "virtuous" cycle in which each makes the other better.

Unfortunately, too few families take full advantage of this opportunity. They are passive when it comes to planning personal and professional development for family members.

For example, many family businesses provide jobs for offspring, but few of those companies show a willingness to take the next step. We think that families and family members should actively focus on the development process.

Career development can start early. When your children are growing up, welcome their interest in the business. Encourage them to do school papers about it. Help them meet people in your company and learn what they do for a living.

As the children get older, find ways to expose them to other businesses. Trade associations and university family-busi-



PHOTO: T. MICHAEL KEZA

John L. Ward, left, is the Ralph Marotta Professor of Private Enterprise at Loyola University Chicago. Craig E. Aronoff holds the Dinos Chair of Private Enterprise at Kennesaw State College in Marietta, Ga. Both are family-business consultants.

ness programs can help arrange internships. And, of course, we urge members of the younger generation to work full time in another company before they return to their family's business. One family's employment policy calls for "success working someplace where the family name means nothing."

The most important career-development crossroad appears when a family member joins the family business full time. We hope the message the individual hears at this juncture is: "Welcome. We're happy you're here. What we hope we can offer you is the very best work experience you could find anywhere. Please let us know how we can help you."

The family member's career in the family business should begin with a meaningful full-time job coupled with special projects to assist him or her in learning more about the business, such as conducting a market research study or designing measures to evaluate customer service.

As they pursue these projects, young family members should have a mentor and be encouraged to call on local business professionals for help. Ideally, the mentor would be a wise, trusted, senior, nonfamily manager. If that's not possible, it might be your outside CPA, an outside director from your board, or a business-owning friend.

Education should not end as one's career begins. We urge young family members to attend at least one week-long outside seminar and one two- or three-day seminar per year. If possible, young family members should also join a group of peers in similar circumstances. Trade associations, local colleges, or local family-business clubs are good places to find such people.

Many families in business find value in retaining an industrial psychologist. The psychologist can administer and interpret tests to help family members understand their relative strengths and weaknesses.

How can you tell whether your development efforts have been successful? The ultimate test is whether after three to five years in the family business, a family member can say, "I've had the best career experience anyone could ask for!"

Once the foundation has been laid, family members must take charge of their own careers. Too often, we find young people waiting for jobs and responsibilities to be offered to them. We believe they should make a proposal for what they want to do. The approach is simple:

1. Identify your personal strengths.
2. Find a need in the company that uses your strengths.
3. Propose a job (or a project) for yourself that makes sense for the company and for you.
4. Outline what you will deliver if given the chance.

Active career development also helps make sibling teams more successful. The



ILLUSTRATION: DAWSON

industrial psychologist can help siblings learn their strengths and weaknesses and, as a team, identify different roles for each other that use their strengths and give each other space to make individual contributions.

To the extent possible, families with siblings in the business should remember the following principles:

- Focus on personal strengths.
- Find separate areas of responsibility.
- Avoid following each other in the same job.
- Attend outside training seminars together.

Some larger families create a career development committee. The committee might include a board member, an industrial psychologist, and the head of human resources. Its purpose is to take an active role in helping and coordinating the career development of family members. It can also respond to family members who might experience frustration over performance reviews, compensation, educational opportunities, or career progress.

These approaches to career development lay an important foundation for the siblings when they eventually run the business themselves. They've learned to concentrate on one another's strengths, take personal responsibility for proposing roles for themselves, and deliver the performance that they've promised.

We find that families who make personal development a part of their company's mission have more successful businesses, better prepared successors, and stronger sibling teams. "After all," said one business owner, "what better investment can we make than to prepare the next generation of family leadership?"

We agree. ■

MARK YOUR CALENDAR

June 8, Goshen, Ind.

"Meeting the Challenges of Family Business" is a seminar featuring *Nation's Business* columnist Craig E. Aronoff. Contact Leonard Geiser, Director, Goshen College Family Business Program, at (219) 535-7451.

June 12-16, Marietta, Ga.

The "Family Business Academy" addresses succession, conflict resolution, and other issues. Contact the Kennesaw State College Family Enterprise Center at (404) 423-6045.

June 15, Chicago

"Do You Understand Your 'Buy-Sell' Agreement? Of Course, You Have One!" is an evening program for family business owners, successors, and spouses. Contact Karen Wilger of the Midwest Association of Family Business Owners at (708) 495-8900.

June 15-17, Cleveland

"Managing Succession Without Conflict" is a 2½-day seminar featuring family-business consultant Léon A. Danco. Contact Ross Nager of the Arthur Andersen Center for Family Business at (713) 237-2770.

June 16-17, Longboat Key, Fla.

"Tax-Free Wealth Transfer and Asset Protection" is a conference for family businesses worth more than \$2 million. Contact the National Center for Family Business at 1-800-598-6404.

June 28, Chicago

"Single Vision, Dual Success: Meeting Family and Business Needs With a Single Plan" will be presented by the Family Business Association of Illinois. Contact the group at (312) 836-1245.

How To Get Listed

This list of family-business events features national and regional programs that are open to the public. Send your item three months in advance to *Family Business*, *Nation's Business*, 1615 H Street, N.W., Washington, D.C. 20062-2000.

CASE STUDY

Who's In Charge Here?

The atmosphere throughout Rainbow Printing Co. has been tense for a number of years now. The reason? An open feud between the two brothers who own the \$10-million-a-year firm. "We just don't agree on what direction the company should take and how it should be run," says Tom.

Henry, Tom's older brother, is Rainbow's chief executive officer. He took charge after the death of their father 15 years ago.

For the last three years, Rainbow's sales have been flat, and profitability has been marginal. Henry spends most of his

time selling and is responsible for the largest percentage of company sales. His key accounts, however, have recently reduced their print purchases because of a sluggish economy. Tom, who is president, admits that he has been critical of Henry's inability to increase sales.

Tom is responsible for the internal operations of the firm. He has difficulty

handling his job because Henry meddles in plant operations, frequently venting his anger openly at his brother and at employees as well. Rumors run rampant, and, Tom says, "morale here is the lowest I've ever seen, and that really hurts productivity."

What's more, Henry's son and Tom's daughter both work at the plant. They are becoming increasingly edgy over the conflict between their fathers.

"This company is being torn apart," says Tom. "It has no direction, but I feel powerless." What, he wants to know, should be his next move?

Turn Conflict Into Opportunity

Tom must step up and confront Henry. The lack of direction and communication has put the company on the path of self-destruction. The brothers must assess the company's current position and determine where they want to go.

The unity of the family and the business must be nurtured and managed. As it stands, both the family and the company are in conflict.

On the up side, Henry and Tom can turn conflict into an opportunity to learn

together how to communicate by subjecting themselves to the discipline and language of the planning process.

Two effective tools that can coax and foster communication, as well as provide focus for the company and the family, are a strategic plan and a family plan.

For the strategic plan, they need to define their roles and responsibilities within the company. They must also conduct a diagnosis of the company as it functions internally and as it relates to the business climate. This diagnosis will help them understand current customers as well as shape strategies that will enable them to move toward markets with more growth potential.

Rainbow's family plan and strategic plan are interdependent. The family planning process will provide Henry, Tom, and their

children with a forum to discuss key issues. Those issues should include a statement of mission, a code of conduct, and a process for making decisions and resolving conflict. Family members should also take this opportunity to determine their level of commitment to continuing as a family company.

By using measurable objectives, which help minimize personal conflict, Tom and Henry should find that the planning process encourages communication and puts them on the road to a more harmonious relationship.



ILLUSTRATION: DAVID CHEN

Clarify Roles And Boundaries

The problem is that Henry and Tom are both in charge. They're stepping on each other's toes, and conflict is inevitable. As a result, Rainbow Printing is rudderless and drifting.

Tom needs to convince Henry that they jointly must stop and look at where the company stands in terms of slack revenues and competition and where they want it to be. In addition, each must decide what he wants for himself and his family. Given the magnitude of their anger and frustration,

however, they may want to call on a trusted adviser to assist them. This adviser could help the brothers come to terms with their opposing ideas about how the company should be run and establish a common vision for the future. Together they can assess their business and determine its realistic prospects. They can answer difficult questions, such as: Do we want to continue to work together? Can we compromise when we differ? Where are the boundaries for each of us? Who makes the final decisions, and how are they made?

They can take stock of their skills and clarify their expectations. Then they can decide whether they can follow through and work together effectively.

In addition to clearly defining their roles and responsibilities, Henry and Tom must establish systems for decision making, com-

munication, and management of differences and disputes. They should also develop a business plan that will help them address change, increase sales, and enhance productivity.

Finally, as they confront and resolve these issues, Henry and Tom must keep all of their employees informed to control rumors, replace anxiety with confidence, and assure them that mutually agreed-upon changes will have a positive impact on Rainbow Printing.



PHOTO: STEVE BUCHANAN
Merv Singer,
president of M.H.
Singer & Associates,
a management consulting
firm in Glenview,
Ill.



PHOTO: STEVE WOLF
Susan Lazar,
principal of
Susan Lazar
Consulting, a
Minneapolis
firm specializing
in family-owned
businesses.

This series presents actual family-business dilemmas, commented on by members of the Family Firm Institute and edited by Mike Cohn, president of The Cohn Financial Group, Inc., in Phoenix. Identities are changed to protect family privacy. The authors' opinions do not necessarily reflect the views of the institute. Copyright © by the Family Firm Institute, Brookline, Mass.

Take Charge of Your Business and Boost Your Sales and Profits!



Help Your Employees Give the Service That Customers Respond and Return To

THE POWER OF CUSTOMER SERVICE

Let famed Customer Service expert, Dr. Paul Timm, give you the inside track on the do's and don'ts of dealing with customer service (skills that benefit the customer and the employee!). This "how-to-do-it" program details:

- The three C's of customer service success... Concern, Communication, and Competence.
- Why customers become dissatisfied and how you can turn them around.
- How to deal with customers courteously and successfully even when you're under pressure.

This program can be the key to building successful, repeat business. Improve the power of *your* customer service!

VHS only. Running time 45 minutes. Includes companion audiocassette and workbook.

\$99.95
plus \$6.00 s/h

Proven Techniques For Getting Results Through Others

HOW TO SUPERVISE PEOPLE

Build leadership skills—including team building, delegation, and coping with conflict—that will make you the supervisor you need to be. This unique course is based on the bestselling book, *The Supervisor's Handbook*.

VHS only. Running time 42 minutes. Includes companion audiocassette and *Supervisor's Handbook*.



\$99.95
plus \$6.00 s/h

Turn Every Customer Into a Lifelong Client 50 WAYS TO KEEP YOUR CUSTOMERS

Proven techniques to help owners, managers, salespeople, telemarketers, office staff—everyone!—make customers want to come back for more. This easy viewing program also helps turn employees into better employees!

VHS only. Running time 45 minutes. Includes companion audiocassette and workbook.



\$99.95
plus \$6.00 s/h

Add New Sales... Right Away!

38 PROVEN WAYS TO CLOSE THAT SALE!



VHS only. Running time 87 minutes.
\$79.95
plus \$6.00 s/h

Some people can grab a customer's interest...but come up short when it's time to close. This information-packed video will help you read your prospects, pinpoint their needs—sometimes before they know them—and close transactions confidently. Overcome every objection whether you're on the retail floor, the road, or a high-rise office. Learn how to land the big ones!

Write the Business Plan That Will Jump Start Your Company

BIZPLANBUILDER

Your business plan is the key to (1) staying in touch with your potential risks and rewards, and (2) convincing investors to fork over needed capital. *BizPlanBuilder* practically does it *all* for you with more than 90 pages of typed and formatted word processing and spreadsheet files...as well as headlines, sentences, paragraphs, tables, and lists to help you produce your *perfect* business plan.

BizPlanBuilder will help you save valuable time, structure your thinking, and get you the dollars you need...and it will help no matter if this is your first business plan or your tenth. No mistakes. No consulting bills. No hassle.

126-page reference guide and computer disk (DOS 5-1/4, 3-1/2, WINDOWS 3-1/2, MAC)
Regularly \$129.00

Your Price Only
\$99.00
plus \$6.00 s/h



Create P.R. Like a Pro...Without The Cost of Using an Agency

PUBLICITYBUILDER

Get your sales-building, image-boosting story into magazines, journals, newspapers, radio, and television. Developed by a public relations agency president, *PublicityBuilder* will put your name

into the hands of your potential buyers quickly and inexpensively.

Computer disk (DOS 5-1/4, 3-1/2, WINDOWS 3-1/2, MAC)
Regularly \$129.00

Your Price Only
\$99.00
plus \$6.00 s/h



ORDER NOW! CALL TOLL-FREE **1-800-765-9341**

New!
All software
is available
for WINDOWS!



400 Letters That Resolve Disputes,
Express Opinions, Say Thank You,
Mend Fences, Offer Congratulations,
Gain Cooperation...and More!

PERSONAL LETTERWORKS

PERSONAL LetterWorks



New!
Just
Published

\$79.95
plus \$6.00 s/h

If you've ever struggled to write a sympathy note to a colleague or friend...if you're tired of dealing with difficult businesses and individuals...if you've ever wondered how you were going to unravel a payment dispute with an uncaring banker...or how to say "I appreciate you" to a subordinate or "thank you" to a boss...then the all-new PERSONAL LetterWorks is the product you've been waiting for. It shows you how to deal with everything from touchy, feelings-oriented issues to hard-nosed "this-is-the-way-it's-going-to-be" situations...and everything in-between. A sensational collection for your business and personal life.

470-page book (400 letters) and
computer disk (DOS 5-1/4, 3-1/2,
WINDOWS 3-1/2, MAC)

PERSONNEL READYWORKS

160 Customizable Documents
That Help Your Company Run
Smoothly and Avoid Mistakes

For a fraction of the cost of creating your own documents, you can protect your company in sensitive personnel areas, including hiring and termination, performance appraisal and discipline, health and safety, government regulations and procedures, sexual harassment, wages and benefits. Be ready for everything!

370-page book (160 documents) and computer disk
(DOS 5-1/4, 3-1/2, WINDOWS 3-1/2, MAC)

PERSONNEL ReadyWorks



\$119.95
plus \$6.00 s/h

LEGAL LETTERWORKS

165 Legal Forms and Agreements

Count the times you've needed a legal form: a will, partnership or corporation papers, brokerage agreement, real estate lease, contract for sale of goods. Now you can save money on legal fees and avoid time-consuming, deal-killing delays. Just call up the form you want on your computer, fill in the blanks, and print out a completed form.

452-page book (165 legal forms) **\$79.95**
and computer disk (DOS 5-1/4, 3-1/2, WINDOWS 3-1/2, MAC) plus \$6.00 s/h

SALES LETTERWORKS

300 Expert Letters That Generate Sales and Profits

No matter what your business is or who you're trying to convince, SALES LetterWorks has the perfect letter for virtually every selling situation. Call up custom crafted letters on your computer that cover every aspect of selling: creating repeat business, door openers, lead generators, customer relations, responses to objections, collections.

372-page book (308 letters) **\$79.95**
and computer disk (DOS 5-1/4, 3-1/2, WINDOWS 3-1/2, MAC) plus \$6.00 s/h

BUSINESS LETTERWORKS*

400 Professionally Written Letters to Cover All Areas of Your Business

If you've ever struggled to tell an employee you're unhappy with his performance, apologize for an employee's rudeness, make an inquiry to a venture capital firm, or any number of other situations...then BUSINESS LetterWorks will simplify your life! You can call up letters from advertising, to dealing with suppliers, to internal communications.

470-page book (400 letters) **\$79.95**
and computer disk (DOS 5-1/4, 3-1/2, WINDOWS 3-1/2, MAC) plus \$6.00 s/h

LEGAL LetterWorks



SALES LetterWorks



Works With
ALL IBM
Compatible
And Macintosh
Word
Processors

BUSINESS LetterWorks



*FORMERLY
LETTERWORKS

COMPUTER TUTORIALS

MicroTutor®
Software
Tutorials:
Everything
You Need To
Know To
Help Boost
Your PC
Productivity.



LEARN THE PC

You can learn to operate a PC to make your job easier and yourself more valuable. This program will quickly teach you the basics of operating a PC.

19-page learning guide and disk (DOS 5-1/4 or 3-1/2 disk)

LOTUS 1-2-3 FOR WINDOWS

Learn how to perform hundreds of commands and macros with a simple click. Save time and eliminate repetitive spreadsheet operations.

25-page guide and disk (3-1/2 disk only)

WORDPERFECT FOR WINDOWS

Learn how to use the most popular software for creating customized charts and document settings, macros, parallel column, and mail merges.

25-page learning guide and disk (3-1/2 disk only)

NEW ITEMS!
Learn How to
Use the Hottest
Software!

\$49.95 each
plus \$6.00 s/h
per product

REAL-WORLD LESSONS FOR AMERICA'S SMALL BUSINESSES

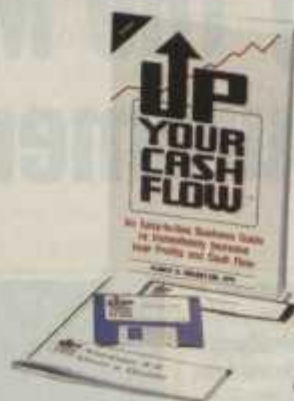


Growing competition, shrinking credit, and sagging profits are just a few of the tough challenges facing small businesses today. This 3-volume video library contains the powerful stories of 50 award-winning small businesses that have overcome such challenges and emerged stronger. All were honored by the Blue Chip Enterprise Initiative.

Share the inspiring experiences, success stories, even the mistakes of these small businesses. Learn proven ideas, methods, and strategies that can help you overcome similar challenges and emerge smarter and stronger. Plus, gain more insights from the stories of all 200 regional Blue Chip Enterprise designees recounted in the companion book.

VHS only. 3 videos—running time 2 hours.
Includes 227-page book. Regularly \$70.00.

Your Price Only
\$50.00
plus \$6.00 s/h



UP YOUR CASH FLOW

How Much Cash Will You Need Next Week, Next Month Or Next Year?

If you've never had the time or the tools to project cash flow, here's the program for you. *Up Your Cash Flow* is a stand-alone program, not a spreadsheet template. Simply answer the questions on your screen about sales and expenses, and out pops a complete

financial plan in spreadsheet format... without wasting a moment of spreadsheet set-up time to get it! You can spot trends, run "what if" scenarios, and always know your cash needs in advance.

Computer disk (DOS 5-1/4, 3-1/2
Specify on order form)

\$89.95
plus \$6.00 s/h

Nation's Business Order Form

Mail To: Nation's Business
Circulation Dept.
1615 H St. N.W.,
Washington, D.C. 20062

Ship To:

Name _____
Company _____
Address _____
City _____
State _____ Zip _____

Every Product is
100% Guaranteed
to Your
Satisfaction!

ORDER TOLL-FREE: 1-800-765-9341
OR FAX: 1-202-463-5641

QTY.	NAME OF PRODUCT	UNIT PRICE	S/H COST	TOTAL PRICE
	The Power of Customer Service	\$99.95	\$6.00	
	How To Supervise People	\$99.95	\$6.00	
	50 Ways to Keep Your Customers	\$99.95	\$6.00	
	38 Proven Ways to Close That Sale	\$79.95	\$6.00	
	BizPlanBuilder DOS <input type="checkbox"/> 5-1/4 <input type="checkbox"/> 3-1/2 <input type="checkbox"/> Windows 3-1/2 <input type="checkbox"/> MAC	\$99.00	\$6.00	
	PublicityBuilder DOS <input type="checkbox"/> 5-1/4 <input type="checkbox"/> 3-1/2 <input type="checkbox"/> Windows 3-1/2 <input type="checkbox"/> MAC	\$99.00	\$6.00	
	Personal LetterWorks DOS <input type="checkbox"/> 5-1/4 <input type="checkbox"/> 3-1/2 <input type="checkbox"/> Windows 3-1/2 <input type="checkbox"/> MAC	\$79.95	\$6.00	
	Personnel ReadyWorks DOS <input type="checkbox"/> 5-1/4 <input type="checkbox"/> 3-1/2 <input type="checkbox"/> Windows 3-1/2 <input type="checkbox"/> MAC	\$119.95	\$6.00	
	Legal LetterWorks DOS <input type="checkbox"/> 5-1/4 <input type="checkbox"/> 3-1/2 <input type="checkbox"/> Windows 3-1/2 <input type="checkbox"/> MAC	\$79.95	\$6.00	
	Sales LetterWorks DOS <input type="checkbox"/> 5-1/4 <input type="checkbox"/> 3-1/2 <input type="checkbox"/> Windows 3-1/2 <input type="checkbox"/> MAC	\$79.95	\$6.00	
	Business LetterWorks DOS <input type="checkbox"/> 5-1/4 <input type="checkbox"/> 3-1/2 <input type="checkbox"/> Windows 3-1/2 <input type="checkbox"/> MAC	\$79.95	\$6.00	
	Learn the PC DOS <input type="checkbox"/> 5-1/4 <input type="checkbox"/> 3-1/2	\$49.95	\$6.00	
	Lotus 1-2-3 for Window 3-1/2 disk only	\$49.95	\$6.00	
	WordPerfect for Windows 3-1/2 disk only	\$49.95	\$6.00	
	Real-World Lessons for America's Small Business	\$50.00	\$6.00	
	Up Your Cash Flow DOS <input type="checkbox"/> 5-1/4 <input type="checkbox"/> 3-1/2	\$89.95	\$6.00	

Method of Payment

- ☐ Check or Money Order Enclosed
☐ Bill My Credit Card:
☐ VISA ☐ MasterCard
☐ American Express

Card # _____
Exp. Date _____
Signature _____

Send A FREE Product Catalog To:

Name _____
Company _____
Address _____
City _____
State _____ Zip _____

Orders outside
the U.S. and Canada add
\$25.00 per product for
shipping/handling.

CA & D.C. SALES TAX

SHIPPING

TOTAL

Your Order is 100% Satisfaction Guaranteed or Your Money Back

MANAGING

Learning The Meaning Of Measurement

By Michael Barrier

Think of quality management as a brightly colored hot-air balloon—a dazzling thing that seems always just about to shoot into the stratosphere, propelled by gassy rhetoric. Fortunately, there is a tether that binds it firmly to earth.

"Measurement is what it's all about," says Val Verutti, quality-support manager for Granite Rock Co., in Watsonville, Calif. "If you set goals and lofty ideals, without means of measuring, you're just kidding yourself. You've got to have ways of finding out if improvements really are improvements."

Granite Rock is a 386-employee, family-owned company that manufactures construction materials of many kinds: aggregates, ready-mix concrete, gravel, asphaltic concrete, and so on. The volume and accuracy of its measurements, among other things, won it a Malcolm Baldrige National Quality Award in 1992, in the small-business category.

The criteria for the Baldrige award were in fact a wake-up call to Granite Rock's managers, Verutti says; as they began applying those criteria to the company, they came awake to the need for better measurements. "When they start asking for three years of trend data," Verutti says, "and you don't have one measure in place, that gives you a clue right away."

Measurement is now mandated throughout Granite Rock. In the aggregate division, for example, mixtures of different kinds of rock are subjected to statistical process control, a quality-management technique used to ensure that each batch is as nearly identical to every other batch as possible. "Our parameters are getting narrower and narrower," Verutti says, as the range of permissible variation shrinks.

Granite Rock measures the cubic yards and tons of material moved per hour. It measures not just its own profit performance but also its market share. It checks the reliability of its technical data by having its own laboratory's measurements monitored by outside labs. It benchmarks—that is, measures itself against other firms—extensively.

None of this measuring is done for its own sake. Jack Leemaster, general manager of Granite Rock's southern concrete and building materials division, told a Baldrige award conference last year that



Granite Rock Co. CEO Bruce Woolpert leads a team that includes driver Paul Bush (on truck), quality-support manager Val Verutti, and chief financial officer Rita Alves.

the company attaches great importance to selecting the right information to be tracked because that data "organizes the quality process for the entire company."

Granite Rock didn't hire any consultants to initiate that quality process, or base its program on the ideas of any one authority. Rather, Verutti says, Bruce W. Woolpert, president and CEO, "had a lot of ideas when he came here in 1986, and he started making changes right away." Woolpert "scared everybody half to death," Verutti recalls, "because the company was successful"—the need for far-reaching changes wasn't immediately apparent.

Woolpert started by setting about a dozen "baseline goals" as measures of the company's performance; the number

grew to 57 in 1992 and 66 in 1993. The baseline goals, Woolpert says, "are the specific action areas that we're going to focus on" every year in support of Granite Rock's nine corporate objectives. "This is what makes the corporate objectives come alive."

Through customer surveys, Granite Rock identifies the factors most important to its customers—not just throughout the company but in each of its markets as well. Because those surveys have shown that on-time delivery is its customers' highest priority, Leemaster said, "we measure delivery of every load and carefully track the results."

On-time delivery is more important to customers than getting the lowest price, because a late delivery can mean that the

As paradoxical as it may sound, a quality program's numbers can add a badly needed human dimension to a small firm.



customer has an idle crew, and the cost of paying those idle workers can rapidly eat up any price advantage.

Granite Rock went outside its industry to benchmark its on-time performance because it couldn't find a noncompeting concrete company in some other part of the country whose performance was good enough to hold up as a standard. Granite Rock benchmarks instead against Domino's Pizza, which has a store in each of the northern California cities where Granite Rock does business, and which until recently guaranteed delivery within 30 minutes.

To give its customers complete control over delivery times, Granite Rock instituted what it calls an "automatic loadout system" at its crushed-rock quarry (the largest west of the Mississippi River). The system works like a bank's ATM machine—the customer simply drives up in a truck, inserts a card, and tells the ma-

chine how much of which material is needed. The truck is loaded automatically, and a bill follows later. Granite Xpress, as it's called, is open 24 hours a day, seven days a week, so a customer can load up and start work on a project before the quarry opens in the morning—or keep working after the quarry closes.

Granite Rock has been successful at measuring customer preferences accurately—it stayed profitable and almost doubled its market share during the severe California recession—but doing so is not a simple matter. The company has constantly tweaked its customer surveys to produce a better picture of its customers' opinions; it switched from a numerical-grade system to a letter-grade system for rating its services, for example, and found that customers were more likely to express strong positive or negative feelings through the letter grades.

"If you work hard at it," Woolpert says, "you can eventually come up with a customer survey that tells you how your customers place you vs. your competitors"—particularly as customers become convinced that the company really does want their opinions and will respond to them. "We've worked for seven years to get our surveys to the point that we feel pretty good about them."

Val Verutti worked for 30 years as a chemist for a cement company before he joined Granite Rock, and he appreciates such difficulties. "Measurement is my forte," he says. "That's what you do in a laboratory. But two very important things, human-resource relationships and customer satisfaction, are hard to measure."

In other words, the more directly people are involved, be they employees or customers, the trickier it is for a business to make accurate measurements. Where employees are concerned, that is true in large part because in business, as Aubrey C. Daniels writes in *Bringing Out the Best in People* (McGraw-Hill), measurement "is most often an antecedent to punishment."

The measuring tools themselves are good ones, Daniels says: "The ability to measure is not now, nor has it ever been, the problem. We can measure any performance. The problem in measurement comes from the way it is used. If it is used to punish, people will go to extraordinary lengths to avoid being measured."

Moreover, Daniels says, they will corrupt the measurements that are made: "Falsification of data is a more common problem than many upper managers realize, and its main purpose is to avoid punishment."

Such hazards are why quality-management thinkers emphasize so strongly that measurements should be not of people, but of processes. Such measurements, when combined with other ingredients of effective quality management—employee empowerment, self-directed teams, and the like—can make the measuring of people a largely superfluous exercise.

The idea, Verutti says, is to present the measurements to employees in a graph format that they can understand. "Once they realize that they can affect that graph by their own actions and that there's no stigma attached to making a mistake, they'll try things, and if it goes in the wrong direction, they'll correct it in a hurry," he explains.

Used in that way, "data sets people free," says Michael D. Pugh, a hospital executive who has sparked rising interest in quality management among businesses in Pueblo, Colo. (See "Raising TQM Consciousness," April.) "I've seen employees stand up and talk with the greatest confidence about some process because they had the data and they knew what was going on."

In 1991, Pugh's hospital, Parkview Episcopal Medical Center, stopped measuring its employees through performance appraisals. "When people find out we don't do performance appraisals here," Pugh says, "they look at me like I'm from Mars." But "most performance appraisals are not objectively based," he says. "They can't be. There's no way to separate the influence of the system from the influence of the individual's effort."

Granite Rock does not measure its employees' performance, either—but it does measure the progress of most of its workers, through a program that the company calls the Individual Personal Development Plan (IPDP). The IPDP is mandatory only for salaried employees; it is voluntary for the approximately 250 unionized workers. Nonetheless, overall participation stands at 83 percent.

The personal-development plan spells out work-related objectives—acquiring

MANAGING

new skills, in particular—on which participating employees and their supervisors agree.

"We don't stop there," chief financial officer Rita Alves said at the Baldrige conference. "In the last section, we outline how we're going to accomplish those goals," with "observable measures" of how well those objectives are being accomplished. "We actually know if we got there or not. It's not a wishy-washy thing."

Granite Rock does not consider the IPDP an appraisal or evaluation; in Alves' words, meeting the objectives of the development plan "is not directly tied to compensation." Val Verutti puts it this way: Evaluations look back, whereas the IPDP looks forward.

To help its employees reach their objectives, Granite Rock in one recent year spent almost \$1,600 per employee on training—more than 10 times the average for the construction and mining industries, the company says. (And the expense was well worth it, Bruce Woolpert adds, pointing to an annual savings of \$2 million in workers' compensation premiums that he attributes to such training.)

To test the effectiveness of its training, Granite Rock measures not just the percentage of IPDP goals attained—88

percent in 1992—but many other numbers: the number of employees cross-trained, the number applying for open positions, and so on. Because the IPDP prepares employees to assume greater responsibilities, Granite Rock promotes heavily from within: The number of openings filled from within the company rose from 30 percent in 1988 to 50 percent in 1991.

Verutti recalls that an executive with another company asked him how Granite Rock managers found time to devote to IPDPs. "They look awfully time-consuming," the executive said, "and a lot of our executives are working 60 hours a week now." Verutti's reply: "You have to understand—that's what we do."

At Granite Rock, much of what passes for "managing" at other firms has been

delegated to self-managed teams, and managers have become tutors and coaches. Measurement, no longer a tool for exercising control over employees, has instead become a tool for helping employees improve their own performance.

"If managers are viewed as evaluators, as opposed to people who encourage other people to be better," Bruce Woolpert says, "it's real hard for someone to come up and say, 'I can't read.'"

Woolpert had a specific incident in mind—one that says something about the benefits that can flow from Granite Rock's approach to measurement. Early in 1992, he asked Paul Bush, a Granite Rock driver, to reduce to writing the substance of a conversation they had had. Bush, who suffers from dyslexia, told the hundreds of people in the Baldrige conference audience last year that he had then admitted to Woolpert that he could not read or write.

"I felt very small," Bush said, but Woolpert responded by asking him "if I would like to do something about my problem. I didn't really want anyone else to know, but I said yes."

Bush began attending a class for adult dyslexics once a week, and it "turned my life around," he said. "It convinced me that I could learn almost anything." ■

For More Information

For additional articles on quality-management techniques that can help you improve your business, see the reprint package "Total Quality Management For Small Business," on Page 81.

Nation's Business

MarketFAX

Get the Facts. Right Now!

Small-Business Information Instantly Accessible via Fax.

Nation's Business' new MarketFAX service gives you quick and easy access to the small-business information you want and need. You can now order current and past articles from Nation's Business and receive them via fax *instantly!*

NEW!
Reprints
via FAX!

◆ Articles Now Available: (\$4.95 per article)

816 How To Buy Business Software:

- Here is expert advice on choosing programs that can make your small company more productive.

817 Specialty Coverage For Special Risks:

- Property and casualty insurers are offering small firms policies that only big corporations used to buy.

818 Giving Workers A Company Stake:

- An ESOP provides long-term employee benefits as well as employer tax advantages.

819 Some Rest For The Paperwork-Weary:

- The SBA is testing a simplified application process for loans it guarantees.

820 How To Write A Business Plan:

- A carefully drafted business plan can help a firm obtain a business loan.

821 Cashing In On 504 Loans:

- This SBA program helps small firms borrow at favorable rates and thus expand.

◆ Best-Seller List:

- 800 • Find out which articles are the most-requested by over 850,000 Nation's Business subscribers. Call now to receive your **FREE** copy of this latest best-seller list.

◆ How To Order:

To order, call toll-free 1-800-597-7363 and enter the number of the article you are requesting; then enter your credit card number* and fax number. The article will arrive within minutes.

* Visa, MasterCard, or American Express

◆ Call Now!



7 DAYS A WEEK

CALL TOLL-FREE 1-800-597-7363

24 HOURS A DAY

To Your Health

Managing well includes managing your own health; here is advice to help you do that better.

By Neal Katz and Linda Marks

Depression's Staggering Cost

In 1990, clinical depression resulted in 213 million lost working days, largely among employees ages 30 to 44, according to a study by the Massachusetts Institute of Technology and by the Analysis Group, a Cambridge, Mass., consulting company. The researchers put the annual cost of absenteeism and diminished productivity resulting from depression at \$23.8 billion.

Despite its huge impact, depression is often unrecognized and inappropriately treated. A recent Rand Corp. study found that primary-care physicians correctly detected depression in only 51 percent of patients with a current depressive disorder. That was when patients were receiving fee-for-service care. In prepaid settings, such as HMOs, only 42 percent were diagnosed correctly.

Depression is characterized by a variety of symptoms. If you have difficulty performing routine activities and have at least five of depression's symptoms, you may be clinically depressed.

Those symptoms include a persistently sad or empty mood, significant weight loss or gain, chronic fatigue, feelings of worthlessness or guilt, a tendency to withdraw or isolate yourself, an inability to concentrate, sleeping a lot (or, at the other extreme, insomnia), recurrent thoughts of death or suicide, problems with sexual functioning or desire, feelings of apathy, irritability, and anxiety.

Problems at work can tip vulnerable employees into depression. Ambiguous roles, an absence of intrinsic job rewards, a lack of organizational commitment, negative work events, and downsizing, among other things, can be significantly related to episodes of depression.

For a business owner or manager, identity is often closely tied to the company's performance. If the company fails to meet financial goals, or a difficult decision has to be made—such as closing a plant and laying off employees—a business owner may be thrown into crisis.

Depression is usually treatable,

through therapy, medication, or a combination of both, but workplace attitudes and norms can prevent an owner or employee from seeking treatment.

Many people still view depression as a personal weakness rather than an illness that can be treated. The typical workplace

needs help. A depression-awareness training program for supervisors and human-resources personnel can enable them to recognize possible signs of depression. Likewise, regular performance reviews can be used to clarify ambiguous roles and responsibilities.



PHOTO: EDOR HANDELMAN—FOCUS, INC.

Business owners can be instrumental in encouraging depressed workers to get help.

environment encourages employees to plow through obstacles and exalts strength at all costs. Depressed employees are often stigmatized.

Business owners and managers should try to promote a work environment where an employee can feel comfortable coming forward and admitting that he or she

Depression is a common illness affecting more than 17 million Americans every year and one that can be successfully treated 80 percent of the time. Small-business owners and managers can help to create an awareness of it and reduce the barriers to effective identification and treatment.

For More Information

The D/ART (Depression/Awareness, Recognition, and Treatment) National Worksite Program, established in 1988, is a cooperative effort of the National Institute of Mental Health's D/ART Program and the Washington Business Group on Health, a nonprofit health-policy and research organization of 200 of the nation's largest employers.

The D/ART program works to increase awareness of depression among employ-

ers and promote early recognition, appropriate care, and on-the-job support.

For free information on depression in the workplace, write D/ART, National Institute of Mental Health, 5600 Fishers Lane, Room 10-85, Rockville, Md. 20857, or call (301) 443-4140. For free printed material on clinical depression in general, call 1-800-421-4211. For a \$25 copy of *Depression: Corporate Experiences and Innovations*, write the Washington Business Group on Health, 777 N. Capitol St., N.E., Suite 800, Washington, D.C. 20002, or call (202) 408-9320.

Neal Katz and Linda Marks are therapists and consultants in Newton, Mass.

Direct Line

Experts answer our readers' questions about starting and running their businesses.

By Meg Whittemore

RECREATION

Links To Opportunity

I am interested in opening a miniature golf course. Where do I go for basic start-up information?

D.C.W., Wellesley, Mass.

(Similar questions from E.A.M., Encinitas, Calif.; R.G., Roswell, Ga.; and K.S., Jacksonville, Fla.)

If you need help with planning, building, and financing a miniature golf course, contact the International Association of Amusement Parks and Attractions, 1448 Duke St., Alexandria, Va. 22314; (703) 836-4800.

The association maintains a list—available without charge—of qualified consultants who specialize in those areas.

For a variety of helpful publications, contact the Miniature Golf Association of America, P.O. Box 32353, Jacksonville, Fla. 32237; (904) 781-4653. The organization's members include designers, manufacturers, and operators of miniature golf courses.

The \$100 annual membership fee provides access to the group's publications, membership lists, and information on suppliers.



ILLUSTRATION: MARTHA WUGHAN

The organization's bimonthly newsletter, *Putting Around*, regularly contains articles on operating and maintaining miniature golf courses as well as on liability issues.

TOURISM

For Travel Bugs

I need information on how to start a travel agency.

J.G.L., Augusta, Ga.

Basic information on opening a travel agency is available from the American Society of Travel Agents, a trade association in Alexandria, Va., that represents more than 22,000 travel agents throughout the United States.



The organization has a variety of resources on the subject, including two free

publications—*What Is a Travel Agent*, and *Off to the Right Start With ASTA*, a booklet on starting a travel agency.

The group also offers a series of educational courses on the subject throughout the year.

Other publications, at various prices, contain information on market development, operations, financing, computer networks, and office procedures.

To request a free publications list, or for more information, contact the American Society of Travel Agents, 1101 King St., Suite 200, Alexandria, Va. 22314; (703) 739-2782.

Another potentially helpful reference is *How To Open Your Own Travel Agency*, by Douglas Thompson. It is available for \$29.95 from Dendrobium Books, 76 Gough St., San Francisco, Calif. 94102; (415) 558-8444.

HOW TO ASK

Have a business-related question? Mail or fax your typewritten query to Direct Line, *Nation's Business*, 1615 H Street, N.W., Washington, D.C. 20062-2000; (202) 463-3102.

Writers will be identified only by initials and city. Questions may be edited for space.

PATENTS

Bright Ideas

I have an idea I would like to patent. Do I first find out if there is an existing patent on this item, or do I just go ahead and apply for one on my own?

M.A.K., Rockaway Park, N.Y.

(Similar questions from L.P., Jackson, Miss.; J.C., Puebla, Colo.; C.C., Boise, Idaho; and J.C., Cortland, N.Y.)

Steven D. Glazer, a registered patent attorney and a partner in the New York law firm of Weil, Gotshal & Manges, says there is no requirement to make a search before applying for a patent. He explains, however, that although "it may cost you several hundred dollars to run a patent search on your invention," it could save you the several thousand dollars that it might cost to make a patent application.

"Basically, it is less expensive to conduct a search on the item to make sure it has not already been patented before proceeding with the application," Glazer says.

Technically, ideas cannot be patented, according to the U.S. Patent and Trademark Office. But if your idea becomes a mechanical device, a chemical process, or a design, it might qualify for patent protection.

The U.S. Patent and Trademark Office can supply detailed information on the process of obtaining a patent. Call (703) 557-4636, or (703) 308-4357. *General Information Concerning Patents*, issued by the Patent Office, describes the patent process and contains patent application forms. The publication costs \$2.25 and may be ordered by writing to the U.S. Government Printing Office, Washington, D.C. 20402, or by calling (202) 783-3238. Ask for stock No. 003-004-00659-5.

Another helpful source is "Patents: A Stake In The Future," an article by Glazer in the March issue of *Nation's Business*. For a reprint of that article, see the ordering information on Page 81, and ask for Reprint No. 8997.

Although you can make your own patent application, you may want to hire a patent attorney or agent to do the job. Be sure he or she is listed in *Patent Attorneys and Agents Registered to Practice Before the United States Patent and Trademark Office*. This directory, from the U.S. Government Printing Office, is available in many local libraries.

RETAILING

For That Special Day

Where can I get information on opening a bridal shop and consulting service?
C.W., Tampa, Fla.

The National Bridal Service, a trade association based in Richmond, Va., works with the more than 800 bridal stores across the country, half of which sell bridal apparel; the other half are jewelry stores or department stores that have bridal registries of china, silver, and crystal.

For \$65, the National Bridal Service will send you a packet of start-up information, including capital requirements, in-

dustry statistics, and member services. The organization holds seminars on starting a bridal business, and it offers telephone consultations to members. For more information, write or call the National Bridal Service at 3122 W. Cary St., Richmond, Va. 23221; (804) 355-6945. For information on wedding consulting, contact the Association of Bridal Consultants, 200 Chestnutland Road, New Milford, Conn. 06776; (203) 355-0464.

A Learning Experience

I am interested in starting a retail business that sells educational tools and supplies. I need help in finding suppliers. J.D.M., Spiceland, Ind.

Contact the National School Supply and Equipment Association, 8300 Colesville Road, Suite 250, Silver Spring, Md. 20910; (301) 495-0240.

The organization offers information on suppliers and manufacturers of school supplies and equipment. A free pamphlet, *So You Want to Open a Teacher Store*, covers industry trends, sales volume and expenses for an average retail store, characteristics of a typical store (square footage, inventory investment), and tips on operating a successful retail store in a school market.



MONEY MANAGEMENT

Improving Cash Flow

Are there some tips you could share that would help me improve the cash flow in my business?
S.C., Aztec, N.M.

Cash In On Cash Flow (AMACOM), a book by A. David Silver, offers 50 ideas for revitalizing a business by improving its cash flow.

He begins with a concept called gatekeeping, the process of leveraging the companies and entities with which a business normally interacts. "If you are paying out more than you are bringing in, you are being inversely leveraged," according to Silver.

He recommends that you review 10 expense categories: rent, communications (telephones), health care, legal advice, advertising, credit, accounting, travel, suppliers, and employees. A chapter is devoted to each category, and Silver offers concrete ways to cut expenses in those areas. The book also covers subjects such as examining your marketing efforts and taking advantage of inexpensive marketing strategies.

Priced at \$24.95, plus \$3.75 for shipping, the book is available from the publisher by calling 1-800-262-9699. Refer to ISBN No. 0-8144-0210-0.

Nation'sBusiness

The Small Business Resource Guide

What You Need To Know About Starting, Running, and Growing Your Business

Revised
and
Expanded
Edition

From The Editors
OF DIRECT LINE

The Small Business Resource Guide

What You Need To
Know About Starting,
Running, and Growing
Your Business



Nation'sBusiness

This updated and expanded edition answers the most frequently asked questions to Direct Line, the popular advice column for small-business owners and managers. The 84-page guide provides the latest how-to information and expert advice on crucial business concerns such as:

- ◆ starting a business
- ◆ obtaining start-up capital
- ◆ complying with government regulations
- ◆ managing company benefits
- ◆ retailing
- ◆ exporting
- ◆ selling a business
- ◆ franchising
- ◆ trademarks/patents/copyrights
- ◆ marketing and much, much more.

The new edition of *The Small Business Resource Guide* also features a special section on Quality Management. This easy-to-use resource is ideal for owners and managers of new or established businesses.

Order Today! Only **\$9.97**
plus \$2.00 for shipping/handling.

Nation'sBusiness Order Form

Send to: Nation's Business, Circulation Department,
1615 H Street, N.W., Washington, D.C. 20062-2000

ORDER TOLL-FREE 1-800-356-7500
OR FAX 1-202-463-5641

Method of Payment

- ☐ Check enclosed for \$11.97. (includes \$2 for shipping/handling)
☐ Please bill my credit card
☐ Visa ☐ MasterCard ☐ American Express

Card No. # _____ Exp. Date _____

Signature _____

Name (Please Type or Print) _____

Company _____

Address _____

City _____

State _____ Zip _____

NB0694

It's Your Money

A monthly survey of strategies and suggestions to help you with your personal finances.

By Peter Weaver

REAL ESTATE

"For Sale By Owner": Pros And Cons

If you are considering the "for-sale-by-owner" approach to marketing a home, you need to explore both sides of this concept.

Selling your own place can save you up to 6 percent of the sale price (the usual commission the seller pays to a real-estate agent or broker). That's \$12,000 on a \$200,000 home. But selling your own home involves a lot more than putting an ad in the newspaper and sitting around waiting for qualified prospects to drop by.

"The biggest drawback," says Benny Kass, a real-estate lawyer and columnist based in Washington, D.C., "is having an uninformed buyer confronting an uninformed seller, and nobody knows what to do."

Jim Anderson, a Florida real-estate broker, says, "You can save a significant amount of money" if you sell your home yourself, "but you have to be a self-starter, have the right personality, do your research, and make a real business of it."

To offset the home owner's lack of such abilities, a growing number of companies offer services supporting the for-sale-by-owner process.

"We offer everything a traditional brokerage firm offers," says Dana Witzig, who is the broker-owner of a Help-U-Sell regional office. (The Salt Lake City company has affiliate firms in most states.)

For-sale-by-owner support companies can usually be found in the Yellow Pages' real-estate listings. Local banks, mortgage brokers, and real-estate lawyers may also have names.



PHOTO: STEVEN L. ALEXANDER/ONPHOTO

Selling it yourself doesn't necessarily mean going it alone; support services abound.

For a fixed fee, support companies can provide a variety of services, including advertising, computer multiple-listing, lender prequalification, pricing and marketing consultation, and tips on making a home look its best.

If your home is put into your area's multiple-listing computer, real-estate agents will see it and bring around potential buyers. If your home is sold this way, you will have to pay a commission to the agent who brings in the buyer. "It's usually around 3 percent," says Larry Lessin, co-owner of Save 6, a Rockville, Md., for-sale-by-owner support company. That, he says, "is a half-and-half split of the normal 6 percent."

"With all of this," says Arthur Godi, first vice president of the National Association of Realtors, "you still get what you pay for." And "buyers will be trying to knock down the price because they know you are saving money on the commission."

But whether you decide to sell on your own or have a professional real-estate agent provide the expertise and do the work, it is a good idea to consult with a lawyer and a title company when closing the deal.

HOME SECURITY

Warmer Weather A Boon To Thieves

Summer brings the burglars and car thieves out in force because of the nicer working conditions. It's also a time when law-abiding citizens tend to let their guard down by leaving doors unlocked and windows open.

"Half of all the burglaries are made easy by unlocked doors and windows," says Stephanie Mann, a crime-prevention consultant and co-author of *Safe Homes, Safe Neighborhoods* (Nolo Press).

Check for unlocked basement and rear bathroom windows, and try the garage door. "If a thief can walk in a garage and shut the door, it's easy to get into your home," says Jim Hockenberry, community-service officer for the Montgomery County, Md., Police Department. "There may be all sorts of tools there to bash in the door or go right through the wall."

What about alarm systems? "They are fine if they aren't prone to a lot of false alarms," Hockenberry says. Some local governments are now fining homeowners after a specified number of false alarms. Alarm systems can also lull households into a false sense of security.

Some police departments provide home-security surveys or checklists and booklets. You can learn how to secure patio doors with unbreakable, polycarbonate windows. Or have a locksmith install glass-door covers. Other, less vulnerable windows can be locked with set pins. Doors can be beefed up with double-bolt locks and frame reinforcements.

With cars, it's the same old story. "Half of all auto thefts occur when the doors are unlocked," says Mann, "and a lot of them have the keys in the ignition."

You can buy car alarms, but some of them go off so easily they're not effective. You can also buy devices that lock the steering wheel. A practiced thief can defeat almost any alarm or steering-wheel device. Ditto for home alarms and window and door locks. But being hit by a skilled burglar or auto thief is rare.

"Most burglaries and auto thefts are committed by young males 13 to 22 years of age who live within a few miles of where you live," says Mann, the crime-prevention specialist. If you make it tough for them to penetrate your home or get into your car, she says, "they go somewhere else."



Peter Weaver is a Washington-based columnist on personal finance.

INVESTING

New Disclosure Rules For Mutual Funds

Starting July 1, the Securities and Exchange Commission will require mutual funds to show prospective investors total annual return figures for the past year, the past five years, and the past 10 years (or the life of the fund if it's less than five or 10 years old).

And, for comparison's sake, there must be corresponding figures from an index, such as Standard & Poor's 500 stocks. This is so investors won't base their selections on sizzling, one-year performance records.

"It's a step in the right direction," says Jon Fossel, CEO of Oppenheimer Management Corp., which has 58 funds and \$28 billion in assets, "but there are problems." One of them, he says, is getting the right index-comparison charts, so that the published comparison figures are not misleading.

"What do you do with a balanced fund that has both stocks and bonds?" Fossel asks. "The best way to look at performance," he suggests, "is to compare the fund in question with competing funds that have similar investment objectives."

"Individuals have to do a lot more investigating," says Maria Crawford Scott, editor of the *AAII Journal*, published by the American Association of Individual Investors.

Aside from the performance-comparison information, mutual funds are required to disclose any charges investors must pay, including sales commissions (at the time of purchase or at the time of cashing in), 12b-1 fees (used to cover marketing costs), and the management fee.

Some funds that are touted as "no-load" (no commission charges) impose recurring 12b-1 fees. When you are making comparisons with other funds, the size of the commissions and fees is vital information.

"The fee tables are right in the front of the prospectus," says Steve Norwitz of T. Rowe Price Associates, a mutual-fund company based in Baltimore, "and the performance information should be right along with it for quick evaluation."

Examining such information in the prospectus should be just a first step. "You also need information that doesn't appear in the prospectus," says Maria Crawford Scott, "such as who manages the fund and, if he or she leaves, who takes over."

Information of that kind is published by such mutual-fund rating and evaluation services as Morningstar and Value Line, which can be found in most major libraries. Magazines also compare performances of mutual funds.

If doing that extra research seems daunting, seek advice from financial advisers (financial planners, brokers, insurance agents, and investment specialists in banks); they usually charge commissions or fixed fees.

TRAVEL

Special Services For RV Owners

What happens if your recreational vehicle breaks down during your summer vacation and you are miles from a repair shop?

Bigger vehicles have special towing needs. Not all gas stations or garages have the necessary equipment. And not all places have the tools or parts to repair other things that might go wrong, such as the water tank, the gas stove, or the air conditioner.

"It takes special skills and apparatus to respond to RV emergency needs," says Bob Strawn, president of the Recreation Vehicle Dealers Association, based in Fairfax, Va.

Your motor club or emergency service (if you have one) may not be able to handle RV towing and repairs at all locations. Some clubs do, and some don't. For example, some American Automobile Association regional clubs have special towing and repair services for RVs, and others offer the service only for automobiles.

The Allstate Motor Club has a special service called RV Roadhelp that includes repair and towing garages that have been screened to make sure they have all the necessary equipment and expertise. For about \$80 a year, you get unlimited towing mileage, plus trip planning and other amenities. For more information, call 1-800-255-2582, Ext. 7587.

The Good Sam Club offers emergency road service for about \$90 a year, which covers unlimited towing mileage, related costs, trip planning, and campground discounts.

Then there is insurance. Your regular car insurance policy may have a special rider to include your RV, or it may not. Some AAA clubs offer special RV insurance that covers the RV and all the gear inside. The Good Sam Club also offers special insurance coverage for its members.

Some items may be covered by your vehicle insurance, while others may be covered by your homeowner's policy. Check it out.

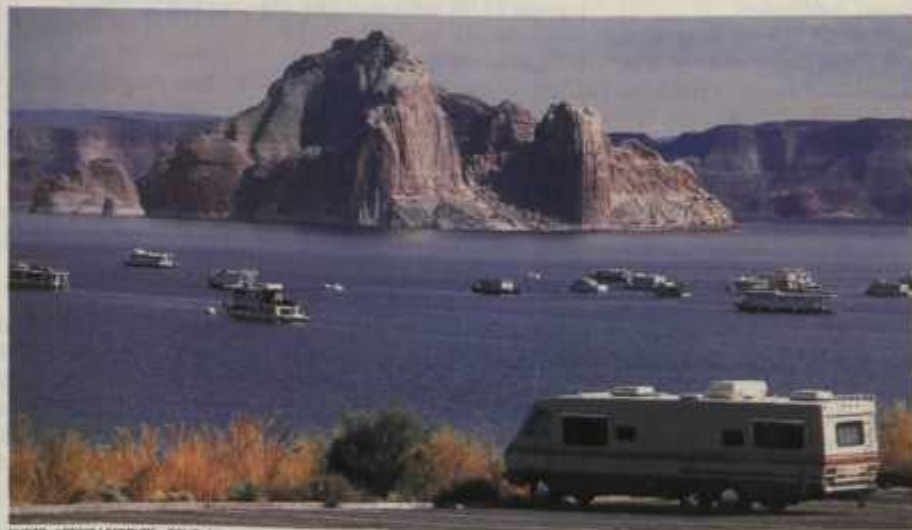


PHOTO: ANDREW LEFFERTS—FOCUS, INC.

If your RV breaks down and there's no specialized repair shop on the horizon, insurance coverage or a motor-club membership might help you out.

ESTATES

Minimizing Taxes Through A Trust

"Insurance is sort of a hidden asset you don't think about," says Bob Coplan, national director of estate planning with the Ernst & Young accounting firm.

And you definitely should think about it if your estate (all your assets, including your life insurance policy) will exceed the \$600,000 marital estate-tax deduction.

Here is an example of what could happen: You have an estate of \$750,000, which is not too hard to come by these days (insurance, home, investments, etc.), and you buy an extra \$100,000 life insurance policy. If you were to die, \$39,000 of the policy's proceeds would be eaten up by estate taxes.

To avoid this spectacular tax trap, you

should consider setting up an irrevocable life insurance trust. That way, the proceeds escape being counted, and taxed, because you don't officially control them. The trust does.

Because there are some catches, you should definitely consult experts in estate planning before you attempt to set up such a trust.

"If you already own the insurance policy," says Edward S. Schlesinger, a New York lawyer, "and you give it to a trust, it will not get out of your estate unless you live three years or more."

It's sort of a quarantine period. "If you first set up a trust and the trustee goes out and buys the policy," Schlesinger explains, "you can die the next day and the proceeds will be out of your estate for tax purposes."

Free-Spirited Enterprise

By Janet L. Willen

HELP!

Call For Help

Consultants aren't for big businesses only.

A new service from the **National Marketing Federation, Inc.**, of Silver Spring, Md., provides professional marketing guidance by phone for those running small or home-based companies.

You call the 800 number for a free preliminary consultation. Describe your business and the kind of help you need. Typical questions are how to increase sales, expand client lists, design brochures, and make cold calls.

You'll be assigned an appointment time with a consultant who has at least 10 years of experience. Then you mail or fax brochures or other literature, which will be reviewed at no charge before your scheduled call. All of the service's consultants are in private practice.

The first minute of your call is free, and you are charged \$3.45 per minute thereafter. Most calls last 15 to 20 minutes. For more information, call 1-800-2-SOLVE-IT, or 1-800-276-5834. In the Washington, D.C., area, call (301) 681-6626.

Innovative Introductions

Why give only your name, when you could give your story? **DigiVideo**, a multimedia franchise based in Tucson, Ariz., produces DigiVideo

Business Cards on floppy disks.

These 20-second IBM- or Macintosh-compatible presentations use video, pictures, music, and text to describe companies. They are produced

according to the client's specifications. The initial production costs \$199, and each disk costs \$1.99, with quantity discounts available. The disks come in clear plastic cases with custom-made labels.

The company also produces computerized catalogs and brochures for the same flat rates. Full-color catalogs can showcase up to 100 items, and brochures can display six 8 1/2-by-11-inch full-color pages. For more information, call 1-800-636-DIGI, or 1-800-636-3444.

Wake-Up Call

Breakfast in bed can be as easy as setting an alarm.

Wake Up To Breakfast, from the Chicago-based **Hamacher-Schlemmer** catalog company, combines an automatic drip coffee maker, toaster, and frying pan with an alarm clock.

At bedtime, place two eggs in their shells in the plastic opening at the top of the machine. Prepare the coffee as you would with a conventional coffee maker, and place the bread or muffins on the grills. Then set the alarm.

At the chosen time, stainless steel cutters slice the bottoms of the eggs, and the contents drop onto the pan. In

10 minutes, the eggs fry, the bread toasts, and the coffee brews.

So you won't sleep through breakfast, the appliance also has a wake-up alarm.

Wake Up To Breakfast costs \$399. For more information, call 1-800-759-5700.

Attention Getter

Not all faxes look alike. **Fax-Ready Guerrilla Grams**, a book from **Corkscrew Press**, in Los Angeles, contains 51 removable fax messages that are designed to get noticed.

Each fax combines cartoon art and tongue-in-cheek text to let the receiver know you mean business. You can choose messages that, among other things, say thanks, demand payment, get confirmation, or ask for a call back.

To remind someone about a meeting, for example, you can choose a fax that shows five people laughing. The message: "Don't be late for our conference call, or we'll talk about you."

The book containing the 51 faxes costs \$8.95 plus shipping and is available from the distributor, at 1-800-243-0495.

Something For Dad...

If you don't want to give Dad another tie for Father's Day, consider a **Tie Butler**, from **RPM, Inc.**, of Minneapolis.

Designed to hold ties in place, the 3/4-inch-long chain loops around the label on the tie and fastens to the button hole.

The Tie Butler costs \$5. It is available at some men's specialty stores or departments, or by calling (612) 897-1979.

And For The Grad

For the precious graduate in your life, consider the \$6,000 Emperor fountain pen from

Pilot Pen Corp. of America, in Trumbull, Conn.

This hand-crafted pen from the Japan-based Pilot Corp. is the top of the line in its Namiki Collection. Emperor pens depict traditional

Japanese designs. They are painted in gold, lacquer, and other pigments and have

18-karat-gold nibs and clips. The pen comes in a wooden gift box.

Pilot Pen turns out only 19 Emperor pens each year, and each one takes three months to produce. For information on where they are sold, call (203) 381-4808.



**NEW
REPRINT
PACKAGES!**

SPECIAL REPRINT PACKAGES

Six Reprints For The Price Of Five! Save 20% On Special Reprint Packages!



(\$9.95)

- ◆ Key People, Key Protection (#8938)
- ◆ Business Insurance Will Cost You More (#8963)
- ◆ Carriers Rediscover Small Business (#8982)
- ◆ Prepare For The Worst (#8972)
- ◆ Insurance Trends Break The Cycle (#8905)
- ◆ Business Lessons From A Disaster (#8948)

(\$9.95)

- ◆ Survival Tactics For Retailers (#8960)
- ◆ What Do Customers Think Of Your Firm? (#8942)
- ◆ Where Quality Is A Language (#8930)
- ◆ Your Secretary's Pivotal Influence (#8973)
- ◆ Service = Survival (#8739)
- ◆ When "Just In Time" Just Isn't Enough (#8920)

(\$9.95)

- ◆ Creative Ways To Raise Capital (#8929)
- ◆ Helping Small Firms Borrow Money (#8874)
- ◆ Smart Ways To Manage Cash (#9001)
- ◆ Seed Funds For The Smallest Start-Ups (#8918)
- ◆ Alternative Ways To Find Capital (#8885)
- ◆ Cashing In On 504 Loans (#8986)

(\$9.95)

- ◆ Taking Charge Of Workers' Comp (#8976)
- ◆ Fighting The High Cost Of Workers' Comp (#8783)
- ◆ Bare-Bones Plans Can Reduce Costs (#8958)
- ◆ Health Reform Aims At Workers' Comp (#8959)
- ◆ Workers' Comp Costs Out Of Control (#8895)
- ◆ Putting The Brakes On Workers' Comp (#8956)

(\$9.95)

- ◆ Contract Workers: A Risky Business (#8967)
- ◆ Combating Business Crime (#8996)
- ◆ A Flexible Style Of Management (#8983)
- ◆ Re-engineering Your Company (#8992)
- ◆ Leasing Workers (#8919)
- ◆ Managing From A Distance/Telecommuting (#8934)

(\$9.95)

- ◆ The Power Of Employee Empowerment (#8962)
- ◆ Quality Standards That Can Open Doors (#8920)
- ◆ How To Get Your TQM Training On Track (#8917)
- ◆ Small Firms Put Quality First (#8888)
- ◆ Turn Your Workers Into A Team (#8896)
- ◆ Creator Of Quality Habits/Stephen R. Covey (#9015)

NOTE: Individual reprints may be selected from Special Reprint Packages at the single reprint rates listed on the order form. Individual reprints are in black and white only. Color reprints may be special-ordered.

**Can't wait? For immediate service via fax, see Page 74.*

Nation'sBusiness Order Form

Send to: Reprint Manager, 1615 H Street, N.W., Washington D.C. 20062-2000

ORDER TOLL-FREE 1-800-692-4000
OR FAX 1-202-463-5641

Method of Payment

- ☐ Bill me (\$9.95 Minimum)
☐ Check or money order enclosed
☐ Bill my credit card (\$9.95 Minimum)
☐ VISA ☐ MasterCard ☐ American Express

Card # _____

Exp. Date _____

Signature _____

Name _____

Address _____

CITY _____

State _____ ZIP _____

[illegible]

REPRINT RATES

Single Reprint Rates

1 To 9 Copies	\$1.99 ea.
10 To 29 Copies	\$1.49 ea.
30 To 99 Copies	\$1.19 ea.
100 To 999 Copies	\$.99 ea.

Reprint Packages: \$9.95

	SUBTOTAL
CA & D.C. SALES TAX	
SHIPPING	
TOTAL	

F R E E

N80694

Your Order Is 100% SATISFACTION GUARANTEED

Nation's Business Classified Ads

CLASSIFIED RATES AND INFORMATION

To place a classified ad CALL TOLL FREE, 800-424-6746 (in Washington, DC call 463-5640) or write Nation's Business Classified, PO Box 1200, Washington, DC 20013. Closing date for advertising is five weeks preceding date of issue. Rates are based on frequency at a per line per insert cost as follows:

1x 3x 6x 12x — frequency
\$62 \$55 \$48 \$34 — line rate
\$870 \$775 \$675 \$460 — per inch display

Ad minimums: solid set, 3 lines;
display, 1 inch.

How To Reply To Box Numbers

Box (number in ad),
Nation's Business Classified,
PO Box 1200, Washington, DC 20013.

AUTOMOTIVE

SEIZED CARS, trucks, boats, 4-wheelers, motorcycles, by FBI, IRS, DEA. Available your area now. Call (800) 436-4363 Ext. C-1369.

BOOKS/PUBLICATIONS

DO YOU HAVE A BOOK TO PUBLISH?
Contact established co-operative publisher with
offices in USA, England, & Scotland. Call 1-800-948-2766

BUILDINGS

STEEL BUILDINGS: From HERITAGE, delivered to your jobsite ready to bolt together, 5000 sizes, build it yourself and SAVE. Call with your building size. 1-800-643-5555, Heritage Building Systems, P.O. Box 470, N. Little Rock, AR 72115-0470.

BUSINESS OPPORTUNITIES

Steel Framed Homes for Lasting Value

- ◆ 9" (R-30) Insulation for BIG Energy Savings
- ◆ Unmatched Protection from High Wind, Fire, Termites, Heavy Snows and Earthquakes
- ◆ Environmentally-Friendly - over 66% Recycled

DISTRIBUTORS WANTED

- ◆ Join the 18-year Industry Leader with Thousands of Homes in all 50 States and 26 other Countries
- ◆ Simple, Bolt-Together Frame Construction
- ◆ Refundable Investment ◆ No Franchise Fees
- ◆ No Experience Necessary with Hands-on Training



Call Today to Order
a FREE Info Packet
or a \$9.95 VIDEO

1-800-TRI-STEEL

(800) 874-7823 (817) 497-7070 Fax (817) 497-7497
5400 S. Stemmons Freeway, Dallas, TX 75206



BUSINESS OPPORTUNITIES

SOFTSIDED HOT TUB RENTAL BUSINESS!
NO SELLING, EASY BUSINESS!
800-308-0028

GUARANTEED REPORT listing 100 foreign Mfrs. seeking
USA Agents: Buyers: Sellers: \$7 (or inquiry): GRIST, SA
Duncan, S. Deerfield, MA 01373.

HOME IMPORT MAIL ORDER BUSINESS. Start
without capital. FREE REPORT. Mellinger,
Dept. C1558, Woodland Hills, California 91367

'Excellent Business Opportunity!! Personal security products. Pepper sprays, stun guns, alarms, more! Overwhelming demand, proven sales methods. Fullpart time. Free catalog. 1-800-348-0312.

#1 MONEY MAKER Spare Time! No selling! No inventory! Publicity documented seven week \$19,919 income! Free audio cassette and Report reveal everything! Real Money. 303-N66 SW 5th Street, Grants Pass, OR 97526

CAPITALIZE ON CRIME! Earn amazing profits on full line of crime prevention products that sell like crazy! Free wholesale catalog. 800-735-1797, P.O.B. 10154, Waukegan, WA 98099.

MAKE MONEY WITH FOREIGN INVESTORS: Top lenders fees paid. Dept. 694b1, THE GLOBAL EXCHANGE, 419 N Newport Blvd., Ste. B, Newport Beach, CA 92663-4271. 714-722-6260.

\$100,000+/year. Business Funding Consultants needed. Established network. Business/Medical accounts receivable. Commercial/Real Estate. Equipment Leasing. Huge lender's fees. Mr. Clark, Dept. NB, Two University Plaza, Suite 402, Hackensack, NJ 07601. 201-342-8500.

THOUSANDS OF BUSINESSES
1994 Franchise Annual Directory describes 5,024 franchises. Pros & cons. 374 new franchises! 25th Anniversary Edition. "When you buy a franchise, you buy re-education." \$39.95 inclusive. Money Back Guarantee. INFO FRANCHISE NEWS, 728A Center St., Lewiston, NY 14092. VISA/MC. 716-754-4069

MAKE YOUR DREAM COME TRUE. EARN \$75,000 YEARLY REPAIRING, NOT REPLACING, SMALL CRACKS IN WINDSHIELDS. TOLL FREE 1-800-825-8523 (US/Canada) or write GLASS MECHANIX, 4555 NW 103 Ave., Ft. Lauderdale, FL 33351.

MAILORDER OPPORTUNITY! Start profitable home business in America's fastest growing industry. Nationally known authority will teach you. Write for free book, sample catalog, plus details. No obligation. Mail Order Associates, Dept. 70, Montvale, NJ 07643.

INCREASE SALES WITH
800 LINE AND CREDIT CARDS
Our TollFree 800 Sales Response Center answers 800 lines, sells products, stores/shops & then pays you via receipts from major credit cards. Call 800-638-2000, Canada call 800-678-4560. Over 20 years of successful selling for others!

FREE MILLIONAIRE STARTER KIT
Free special report, "Step-by-Step Journey to Millions: Thinking & Publishing." Successful businessman Ted Nicholas reveals secrets of how to get rich in mail order. Choose your own hours. Live anywhere in the world. Free report rushed to you without obligation. Fax anytime (513) 596-6900 or write Nicholas Direct, PO Box 877, Dept. CL 204, Indian Rocks Beach, FL 33635.

BUSINESS OPPORTUNITIES

LET THE GOVERNMENT FINANCE your small business. Grants/loans to \$500,000.00. Free recorded message: 707-449-8600 (HS2)

JOIN THE HOMETEAM! Home inspections are booming. Join one of the fastest growing franchises in the industry. Low investment provided. 800-598-5297.

DISTRIBUTORS NEEDED - BIG PROFITS. Miniature satellite antennas for Homes, RVs, Business. \$1800. Refundable Deposit Required. 1-800-886-5008.

IMPROVE YOUR SECURITY, safety & survival needs. The DoorScope®, Big Eye Door Viewer, Survival Kits & more. SRT Enterprises, Box 680154, Miami, FL 33168. 305-685-6372.

INDONESIA—GREAT BRITAIN—NEW ZEALAND—MEXICO. Network marketing company opening internationally with herbal health drink. Your contact there can mean financial freedom for you. 1-800-628-4231.

MONEY MAKING MACHINE! Curbmate machine installs beautiful concrete lawn edging. Customers love this new product. Amazing profits from this simple cash business. 801-262-7509.

FOUND: LOST MONEY!

INC. 500 Co. will show you how to make big money recovering hidden overcharges in leases, freight, utility, and phone bills for businesses. Perfect PT/FT home business. NO EXPER. REQ. Under \$7K start-up. Free info kit. CALL NOW! 1-800-962-0177.

WANTED
EXCLUSIVE TERRITORY DISTRIBUTOR
(\$3,000 investment req'd)

Product of the Year
FAKE MONEY DETECTOR PEN
Detects U.S. & worldwide fake bills
Tel (510) 680-6751, Dept. NB / Fax (510) 680-1408
24 Hour Info. by Fax (800) 325-3664



BUSINESS SERVICES

SPORTS TICKETS
PREFERRED TICKETS 800-925-2500

YOUR COMPANY LOGO IN BRASS
Impressive wall logos of brass, chrome, or other cost effective finishes. Free estimates. METAL LOGOS, INC.
402-339-3264

WORKER'S COMP ALTERNATIVE

MID ATLANTIC CONSULTANTS, INC.

Introducing a Unique Alternative
for Worker's Compensation for
Large and Small Companies.
Offices Coast to Coast.

Call for Free Information:
(214) 259-1022 FAX (214) 259-2214

CARPET

CARPET-VINYL-HARDWOOD-BRAIDED & CUSTOM RUGS-ORIENTALS: Mill direct, Look No Further. Quat Lowest Prices. Warranties. Free Quotes/samples 800-548-5815, Dalton, GA.

CARPET: Save up to 50% & more on major brands. We also manufacture our own beautiful styles. For information & samples, call 1-800-848-7747, Ext. 45, Dalton, Georgia.

COMPUTER SOFTWARE

FLEX-PLAN ADMINISTRATION SOFTWARE
Complete administration system for any size organization. ONLY! \$699.95 Do-it-Yourself and SAVE!
FREE DEMO 800-447-1690

EDUCATION

FREE VIDEO External BA/BS, MS/MBA, PhD/LAW - Accredited. Financial aid, 800-937-2456 LASALLE UNIVERSITY Dept. 9615, Mandeville, LA 70470-4000.

BECOME A MEDICAL TRANSCRIPTIONIST
Home Study! Free Career Literature. P.C.D.I., Atlanta, Georgia. 800-362-7070, Dept. YRG627

FINISH BA/MS/MBA/PHD by com. CityUnivLA, 3960 Wishes Blvd., LA, CA 90010. New College Drop-Out Program. Call for immed. discussion. 800-262-6366/213-362-3601.

BACHELORS, MASTERS, DOCTORAL DEGREES
Non-residential programs. Send resume, mention Academic Field, and we'll tell you the credits you've already earned from work experience. No Obligation. SOUTHWEST UNIVERSITY, 2200 Veterans Blvd., Kenner, LA 70062. (800) 433-5925 or 433-5923.

A COLLEGE DEGREE will enhance your career potential.

Even your no-classes, fully accredited degree in Business, Nursing, or Liberal Arts with our simple StepPlan™ and study program. Our materials help you prepare to pass proficiency exams which earn credits toward your degree from The University of the State of New York Regents College. Apply for our interest-free loan. Call or write for free information or a transcript evaluation today!

Moore
Educational
PUBLISHERS

FORERUNNER IN THE DEVELOPMENT OF STUDY MATERIALS FOR EXTERNAL DEGREE PROGRAMS

3202 Belmont Boulevard • Nashville, TN 37212-6006
1-800-737-2222

Reach 850,000
subscribers with
your ad in
Nation's Business
Classifieds

Call 1-800-424-6746
for more information

EDUCATION

ENTREPRENEURS-Train, upgrade, retire with new skills. Alcohol-Drug Counselor, Hypnotherapist, Cancer Outreach Consultant, Life Skills Coach. Above average income. Free information package. 1-800-661-2099

PARALEGAL GRADED CURRICULUM: Approved home study. Most affordable & comprehensive. 100 years of legal training. FREE CATALOG. 1-800-825-8228. BLACKSTONE SCHOOL OF LAW, P.O. Box 871440, Dept. NB, Dallas, TX 75287.

COMPLETE YOUR COLLEGE DEGREES AT HOME!
Approved, self-paced, economical Associates, Bachelors, Masters, Doctorates. Business Administration (Health Care, International Business, Human Resources, MIS), JD/Law, Psychology, Technology Management. Southern California University for Professional Studies, 202 Fashion-NA, Torrance, CA 90501. 800-477-2254

EMPLOYMENT

EXCELLENT EXTRA INCOME! Assemble easy products at home. Easy & fun to do! Nation's most reputable program. Guaranteed! Information: 1-800-377-6000, Ext. 6560.

FINANCIAL SERVICES

LENDERS WHO STILL SAY YES!

Over 5,000 aggressive lenders & equity investors listed on computer diskette. Get instant access to expansion loans, R.E. loans, venture capital, private placement money, IPO financing, & more. Free Demo Disk. 800-580-1188

FRANCHISE OPPORTUNITIES/SERVICES

FRANCHISE YOUR BUSINESS
With the leading consulting firm in the country
McGROW CONSULTING (800) 358-8011

Franchise Your Business
20+ Years Experience
National Franchise Associates, Inc.
800-377-7476

HOME/OFFICE FURNISHINGS

TREMENDOUS SAVINGS ON MAJOR BRANDS OF FURNITURE
Call or write Loftin-Black Furniture Co.
111 Sedgemoor Dr., Thomasville, NC 27360
CALL TOLL FREE 1-800-334-7398
(In N.C. call 919-472-6117)
NATIONWIDE HOME DELIVERY

INVENTIONS

FREE INVENTION PACKAGE: Davison & Associates offers customized Development, Patenting & Licensing of new products & ideas. Proven results. 800-677-6362.

INVENTION, IDEA, NEW PRODUCT ASSISTANCE
Presentation to industry. National exposition
1-800-288-IDEA

INVENTORS! Can you patent and profit from your idea? Call AMERICAN INVENTORS CORP. for free information. Serving inventors since 1975. 1-800-338-5656.

LEGAL SERVICES

PATENT & TRADEMARK ATTORNEY in Boulder, CO provides quality patent & trademark services for individuals & companies nationwide via mail at affordable fixed fees. John Flanagan. 303-440-0884/Fax 303-440-3532 for free info. about services.

MAIL ORDER

MILLIONAIRE Mailorder Expert Reveals Money-Making Secrets! Free, exciting hour cassette. Melvin Powers, 12015 Sherman Rd. No. Hollywood, California 91605. (818) 765-8818.

ONLINE SERVICES

DELIGHT THE CUSTOMER: BBS-For Customer Service, TOM, Training Telemarketing professionals. Jobs database, seminar/conference calendar & much more... with any PC & modem dial 517-797-3740. NO CONNECT CHARGE!

PREMIUMS & INCENTIVE GIFTS

YOUR LOGO ON THE MUGS

Put Your Name In Your
Customers Hands Every
Morning!



Say thank you to your customers or employees with Cocoa Beach Coffee products, and mugs personalized with your logo. Your logo, one color, on green, white, blue, or black mugs \$29.95 + s/h. (min. order of 18 boxes). Cocoa Beach logo avail. for \$26.95 + s/h. (no min.)

To order, mail your camera ready logo or photo message:
Cocoa Beach Coffee Co. P.O. Box 112516, Tacoma, WA 98411

CALL: 1-800-726-6488 or FAX: 206-925-0188

REAL ESTATE

REPOSSESSED & IRS FORECLOSED HOMES
Available for pennies on the \$1. Also S&L bailout properties. You repair or government financed! Call 1-800-436-4362 Ext. 14-1687 for rep. list in your area.

SELF IMPROVEMENT

SO YOU ARE IN CHARGE?
HOW EFFECTIVE ARE YOU?
FOR A TIMELY CONCEPT TO SUPERVISE BETTER.
Call 1-800-436-9136. \$3.00/MIN. LENGTH 4 MIN. MUST BE 18YRS OLD. SUPERVISING CONCEPTS, JACKSON, MI

WATCHES

REPLICA SWISS WATCHES
18K Goldplated! Lowest Prices! 2 Year Warranty! Heavy Weight! (404) 682-0800

Timely Reminder

Special Sampler Offer—Just \$19.50.
For our deluxe logo watch. Never-fade guarantee.
Lifetime warranty. Specify man's or woman's size.
Send your color logo on stationery or business card and \$19.50 per watch (plus sales tax in CA only).
Limit: 5 per customer. Order now.

GREAT American IMAGES

One Waters Park Drive
Suite 213-NB
San Mateo, CA 94403
Tel. 415-358-0806
Fax 415-358-0543

Where I Stand



On Davis-Bacon

This issue affects all taxpayers. The 60-year-old Davis-Bacon Act raises government costs on construction projects involving federal funding, which can include buildings, highways, housing, and education facilities. Workers on such projects must be paid the prevailing wage for the particular region, which is routinely set to match a union scale higher than the actual wage level of the locality. Results of this survey will be forwarded to administration and congressional officials. Send the attached, postage-paid response card. Or circle your answers below and fax this page to (202) 463-5636.

1

Should the threshold for the Davis-Bacon Act's prevailing-wage requirements for federally assisted projects and contracts be raised from \$2,000 to \$100,000?

1. Yes
2. No
3. No opinion

4

Should individuals and unions, in addition to government officials, have authority to file complaints of alleged violations of Davis-Bacon provisions?

1. Yes
2. No
3. No opinion

2

Should contractors covered by the act be permitted to certify compliance in lieu of submitting weekly payroll reports?

1. Yes
2. No
3. No opinion

5

Critics advocating repeal of the Davis-Bacon Act say this Depression-era law to prevent workers from undercutting each other on wages is not relevant to today's labor market. What is your view?

1. Agree
2. Disagree
3. No opinion

3

Davis-Bacon now covers only construction sites. Should it be extended to off-site manufacturers and suppliers of construction materials as well as to the truckers carrying their goods to projects?

1. Yes
2. No
3. No opinion

6

In determining an area's "prevailing wage" for Davis-Bacon purposes, should the Labor Department consider only the pay rates in union contracts?

1. Yes
2. No
3. No opinion

Send Your Response Today!

POLL RESULTS

Readers' Views On Property Rights

Small-business people are strongly committed to maintaining property owners' control over their holdings amid intensifying debate over how far government can go in limiting that control.

That basic view was apparent in responses to the April Where I Stand questions, which reflected various aspects of the current controversy over government restrictions on land use.

Ninety-two percent of respondents said owners of property should be compensated for income lost as a result of federal environmental regulation; 6 percent said owners should not be compensated. Eighty-nine percent supported the view that federal regulators should pay more attention to community views on how environmental restrictions would affect the economy of that community; 9 percent disagreed. And a 78 percent majority held that the Endangered Species Act excessively favors protection of wildlife over economic growth.

The policy debate under way in Washington over these issues includes the amount of power government should have in preventing owners of property from developing or otherwise using it to obtain a return on the investment in acquiring it. Another aspect of the discussion involves government attempts to preserve endangered species by prohibiting commercial activities in their habitats. In some of those situations, local communities have held that the economic damage to their residents does not justify the particular environmental goal.

Here are the complete results of the survey:

PROPERTY RIGHTS

■ Should the federal government compensate owners when private property is restricted for environmental reasons?	1. Yes	92%
	2. No	6
	3. No opinion	2
■ Should the level of wetlands regulation vary according to value and function of the property?	1. Yes	84%
	2. No	12
	3. No opinion	4
■ Should development be permitted on wetlands when other wetlands are created, restored, or enhanced to offset those used in the development?	1. Yes	56%
	2. No	29
	3. No opinion	15
■ Should environmental regulators pay more attention to community views on how restrictions would affect the local economy?	1. Yes	89%
	2. No	9
	3. No opinion	2
■ Does the Endangered Species Act excessively favor wildlife and plants over economic growth?	1. Yes	78%
	2. No	16
	3. No opinion	6
■ Are land-use planning and control matters for property owners and local governments, rather than federal regulators?	1. Yes	78%
	2. No	18
	3. No opinion	4

ADVERTISERS



The following advertisers would like to send you free information about the products and services advertised in this month's Nation's Business.

- 3 American Life Insurance Co.
- 4 BellSouth Corp.
- 2 Blue Cross Blue Shield in Pennsylvania
- 11 Canon
- 27 Ceco Building Systems
- 31 Eagle's Nest Homes
- 60 Environmental Biotech
- 13 Executive Seminars in Sound
- 44 Family Business Audio Program
- 12 Florida Power & Light
- 33 Futurekids
- 47 GNC
- 15 General Accident Insurance
- 19 International Video Yearbooks
- 8 Jani King International
- 10 Kelly Services
- 52 Kitchen Tune-Up
- 14 Krystal Co.
- 34 Lincoln Mercury Division
- 58 MAACO
- 9 Ponderosa
- 42 Priority Management Systems
- 55 Sharp Electronics
- 22 Staff Builders
- 57 T. Rowe Price
- 59 United States Dept. of Justice
- 6 United States Postal Service

Please circle your selections.

Fill out this coupon if you fax your response.

Name _____ Title _____
 Company _____
 Address _____
 City _____ State _____ ZIP _____

Mail to: Nation's Business, 1615 H Street, N.W.,
 Washington, D.C. 20062-2000 • FAX to: 202/463-5636

For Your Tax File

How to keep taxes from trapping you.

By Albert B. Ellentuck

DEDUCTIONS

The Costs Of Commuting To Temporary Job Sites

Although you cannot deduct travel costs between your home and your office, you generally can deduct the costs of travel between your office and a business destination. In a 1990 ruling, however, the Internal Revenue Service said you can deduct the costs of traveling from your home to a temporary work site as long as you have at least one regular place of business; the ruling did not cover the circumstance of an office in the home.

Though it might seem logical to permit the same deduction for individuals who do maintain their office in their home and who work at temporary job sites, the IRS has taken the position—even before its 1990 ruling—that the deduction for such travel was allowed only if the home office was the taxpayer's *principal* office.

Nonetheless, in a recent case, the U.S. Tax Court allowed a deduction to a self-employed logger whose home was his regular place of business but not his *principal* place of business. He spent most of his work hours at various logging locations and only about seven hours a week at his home office. The court said that in allowing the deductions, it relied on the IRS's ruling on commuting costs.



PHOTO: ©TED HIGGINS—THE STOCK MARKET

You might be able to write off the costs of commuting to temporary job sites from your home office even if the office isn't your principal place of business.

The IRS ruling and the favorable Tax Court decision do not necessarily mean the IRS won't continue to maintain that the home office must be the principal place of business. But taxpayers now have strong authority for taking the deduction.

If the commuting expenses are deductible, a sole proprietor or a partner would be able to deduct such commuting costs fully. This could benefit business people such as lawyers, accountants, artists,

free-lance writers, real-estate developers, engineers, and architects.

An employee who works at home can also deduct commuting costs that haven't been reimbursed by his or her employer, but only as miscellaneous itemized deductions; these can be deducted only to the extent that they exceed 2 percent of adjusted gross income.

Check with your accountant, of course, on your eligibility for such deductions. ■

ESTATE TAXES

Reducing The Bite On Small-Business Stock

The owner of a small corporation can do some effective planning to reduce the estate taxes that may be imposed on the stock of the company.

Frequently, stock in a closely held corporation is the principal asset of an individual's estate, and unless there are sufficient funds to pay the taxes, a liquidity problem arises. Often, the estate must sell all or a part of the stock to get the cash to pay the tax, but, unfortunately, there are few potential buyers for a small,

closely held corporation's stock. One solution is to have the corporation—if it has the cash—buy back its stock from the estate; there should then be no taxable gain or loss to the estate. But if there is only a partial buy-back of the stock, or if the deceased shareholder is related to the remaining shareholders, the buy-back may be treated by the IRS as a taxable dividend to the estate.

To avoid this problem, federal tax laws allow a redemption of shares to pay for estate and inheritance taxes, funeral costs, and the estate's administrative expenses. A redemption of stock under this provision is essentially tax-free to the estate and is not treated as a dividend.

For this provision to be applicable, the stock of the closely held corporation must amount to at least 35 percent of the shareholder's gross estate. The stock of two or more corporations can be treated as the stock of a single corporation for purposes of a redemption to pay estate and inheritance taxes as long as the estate

owns at least 20 percent of the outstanding stock of each corporation.

A small-business owner whose stock-ownership does not meet those minimum percentages for special treatment can take steps to meet the qualifications. For example, the owner could give other property to family members to increase the percentage of the total estate that the closely held business stock represents. Also, nonbusiness assets can be contributed to the corporation, reducing the percentage of other assets and increasing the stock's percentage in the estate.

In addition, when the stock consists of at least 35 percent of the decedent's gross estate, the estate can pay off the estate tax over 15 years, and the first installment is not due until five years after the date of death. Interest would be payable at the nominal rate of 4 percent a year on the first \$345,800 of estate taxes.

Remember that planning is essential to qualify the small-business stock for this tax-deferral provision. ■



Tax lawyer Albert B. Ellentuck is counsel to the Washington, D.C., law firm of King & Nordlinger. Readers should see tax and legal advisers on specific cases.

Editorial

Our Health-Care System Needs To Be Improved, Not Radicalized

When the national debate over health-care reform began last year, advocates of a massive overhaul of the current system made certain strategic assumptions.

They presumed that companies insuring their workers were sufficiently angered over cost shifting (in which hospitals raise charges to insured patients to offset losses on the uninsured) that they would rally around a proposal to force all businesses to provide coverage.

A further assumption held that Americans would accept a vast new federal bureaucracy, price controls, and other government regulation in the name of tempering costs.

Those expectations were translated into legislative language in the Clinton administration plan now at the center of the congressional debate over health-care reform. The strong support that the White House expected for its sweeping changes did not materialize, and much of the initial backing eroded as the plan's costs and bureaucratic intrusions became apparent.

The outlook now is that any health-reform legislation passed by Congress this year will address key concerns but will not be a radical overhaul powered by government coercion.

Business deserves a large share of the credit for this change of direction. Companies of all sizes—and ranging from those offering the most generous of health-insurance packages to those offering none—refused to be parties to the administration's divide-and-conquer strategy.

In a poll that the U.S. Chamber of Commerce conducted among its members, who represent all sizes and types of business, a government-run system was rejected, 87.2 to 7.7 percent; a federal mandate that employers provide and pay at least part of the cost (the Clinton plan recommended an 80 percent employer contribution) of health insurance for workers was rejected, 71.2 to 23.6 percent; and

market-based steps for dealing with the most pressing problems were endorsed, 84 to 12.3 percent.

All of the Chamber's 220,000 company and organization members were polled, and 40,000 responded, an extremely high participation. A telephone sampling of the full membership showed that the returns of the larger survey were accurate.

One of the most significant findings (see chart) came from the question in which members were asked to choose their top priority for health-care reform. Enhancement of the present system was the runaway choice.

In announcing those results at a press conference attended by the major national news media, U.S. Chamber Chairman William C. Marcell said they added up to a business-endorsed policy of "no government takeover, no

bureaucracy, no hurry."

That approach is embodied in "The American Plan." It calls for a standard minimum-benefits package, report cards on price and quality of various health-care plans, insurance reforms to ensure availability and portability (from job to job) of health coverage, consumer choice, purchasing pools for small employers and individuals, a reduction in administrative costs, and reforms to curb malpractice-litigation costs (which are reflected in the bills of nearly all patients), and a 100 percent deduction of medical costs for the self-employed.

The fact that these are consensus elements does not mean they will be readily accepted on Capitol Hill. It will be difficult to gain support from those lawmakers committed to radical, government-knows-best solutions or to a do-nothing approach.

The American Plan recognizes, however, what the administration and Congress are going to have to accept soon—that the American people will not accept either of those extremes.

Chamber Members' Preferences

(Respondents were asked to list the one health-care reform they most preferred.)



Enhance Current System	55.9%
Expand Low-Income Coverage	7.7%
Mandated Access	8.8%
Employer Mandate	6.6%
Individual Mandate	11.3%
Government System	4.3%
5.4% of respondents did not indicate a preference.	

SOURCE: U.S. CHAMBER OF COMMERCE, MEMBERSHIP POLL, MARCH 1994



Not since
the Spanish Armada
has a fleet
been so respected.



Chevrolet, the Chevrolet Emblem, Astro, Camaro, Cavalier, Corsica, Lumina and Suburban are registered trademarks and Chevy is a trademark of the GM Corp. ©1994 GM Corp. All Rights Reserved. Buckle up, America!™



Today, it's the Chevy fleet that commands respect. Corsica, Cavalier, Astro and C/K Trucks—when it comes to safety, comfort, size and durability, they're full-steam ahead. And there are Chevy's latest fleet additions—Camaro, Suburban and the S-Series Pickup. Coming soon—the flagship of them all—the new 1995 Lumina. No other fleet offers such variety and prestige. Call 1-800-FLEET-OPS (353-3867).



GENUINE CHEVROLET™



NOW YOU CAN JUDGE PEOPLE ON THE JOB BEFORE YOU HIRE THEM.



Introducing The KellySelect® Program. Finding out how people perform after you put them on the payroll can be a costly, risky business. But now with KellySelect, you can improve your hiring ratings and save time and money as a bonus.

How? Candidates for full-time employment work in your company for 90 days as Kelly® employees. They go on your payroll after you're convinced their performance rates it.

For availability and more information about KellySelect, call your local Kelly office. You just can't lose.

KELLY
SERVICES

The Business Advocate

SUPPLEMENT TO **Nation's Business** JUNE 1994

U.S. Chamber of Commerce

U.S. Chamber Fights To Kill Striker Bill



U.S. Chamber President Richard L. Leshar, right, urged the Senate to defeat legislation that would ban employers from permanently replacing striking workers at a May 4 rally on Capitol Hill. Others who spoke against the legislation were, from the left, Sens. Larry E. Craig, R-Idaho, Lauch Faircloth, R-N.C., Strom Thurmond,

R-S.C., and Orrin G. Hatch, R-Utah; Sam Maury, executive director of the Business Roundtable; Sens. Conrad Burns, R-Mont., and Don Nickles, R-Okla.; and Jerry Jasinowski, president of the National Association of Manufacturers. A Senate vote on the bill was expected in May. See Page 95.

Members' Views Become Chamber Health Policy

See Page 91

■ Call Now

Urge Votes Against OSHA Bills

Legislation to overhaul the nation's workplace safety and health law was expected to be ready for House and Senate votes in late May or early June.

The Senate Labor and Human Resources Committee was expected to approve legislation to expand the Occupational Safety and Health Act in mid-May. The House Education and Labor Committee approved a measure similar to the Senate's in March.

The Senate bill is sponsored by Sen. Edward M. Kennedy, D-Mass.; the House bill sponsor is Rep. William D. Ford, D-Mich.

The U.S. Chamber of Commerce is strongly opposed to the Kennedy-Ford legislation. It is working hard to defeat the measure with the Coalition on Occupational Safety and Health, a group of businesses concerned about workplace safety and health.

Among other changes, the bills would dramatically increase the penalties on those who violate workplace health and safety rules, impose new reporting and record-keeping requirements, and grant employees broad new powers and rights, such as allowing them to be present at OSHA proceedings against their employers.

Other provisions with which the Chamber and the coalition have concerns would:

- Require all companies to have written safety and health programs to identify and correct workplace hazards.

- Require firms with 11 or more workers to establish joint labor-management safety committees.

- Allow employees and their representatives—unions—to challenge as inadequate any citations issued to employers by the Occupational Safety and Health Administration.

Although the U.S. Chamber opposes a complete overhaul of OSHA, such as the Ford and Kennedy bills propose, it does support changes in the nearly 25-year-old statute.

The Chamber has been developing an alternative proposal that relies on incentives and cooperation between the



Peter Eide, the Chamber's manager of labor law, left, and Chamber Vice President and General Counsel Stephen A. Bokart discuss strategy on OSHA legislation.

Occupational Safety and Health Administration and employers.

During the House labor panel's consideration of the Ford bill, several amendments to provide such incentives and cooperation were offered. But all were rejected. Similar proposals were expected to be offered and rejected during the Senate labor committee's con-

sideration of the Kennedy measure.

Call your senators and representative and urge them to oppose the Kennedy and Ford OSHA expansion bills, which would be unduly burdensome to business. Senators may be reached at (202) 224-3121, representatives at (202) 225-3121.

■ Davis-Bacon

Potential Wage Law Expansion

A measure that would require more businesses to pay the federal prevailing wage was expected to be voted on by the Senate in late May.

The provision, adamantly opposed by the U.S. Chamber of Commerce, was expected to be attached to a procurement-reform bill called the Federal Acquisition Streamlining Act, which the business federation generally supports.

Currently, the Depression-era Davis-Bacon Act requires contractors on federally funded projects of \$2,000 or more to pay their workers the area's prevailing wage, which usually is the union wage. The law applies only to workers on the job site.

But the new proposal would extend coverage of the wage law to a project's off-site manufacturers and suppliers and to truck drivers who make deliveries to federally funded job sites.

In addition, the measure would allow

individuals and "interested parties"—most likely to be unions—to sue to enforce the statute.

The proposal to expand the law also would raise the dollar amount at which federal contracts for new projects are subject to the prevailing-wage law from \$2,000 to \$100,000. For repair projects, the threshold would be \$15,000. Under current law, there is no distinction between "new" and "repair" projects.

The U.S. Chamber would like to see the thresholds increased, but the provisions to expand the wage law to off-site workers and to allow individuals to sue to enforce the law are unacceptable to business.

The Chamber has repeatedly argued for repeal of the Davis-Bacon Act, which the U.S. General Accounting Office has found adds millions of dollars annually to the costs of federally funded construction projects.

Health Care

Poll Drives Chamber's Policy

Health-care-reform proposals endorsed by members of the U.S. Chamber of Commerce have been adopted by the organization's board of directors as "The American Plan."

As a result, the organization's legislative strategists are pressing for congressional acceptance of the plan as a workable compromise in the increasingly complex debate over health-care policy.

Chamber members' endorsement of provisions of The American Plan came in response to a poll of the 220,000 companies and organizations that make the U.S. Chamber the nation's largest broad-based business group.

Some 40,000 members returned ballots, an extremely large response for the total number of individuals polled. The results of the poll, which was conducted via mail, were verified by a telephone sampling of members.

William C. Marcil, chairman of the Chamber board, said at an April 26 news conference attended by major national news media that the membership's views on health-care reform could be summed up as "no government takeover, no mandates, no hurry."

He was referring to the poll results showing that members opposed a government-run medical system, 87.2 per-



William C. Marcil, left, 1994-95 chairman of the U.S. Chamber, answers reporters' questions on the results of the recent health-care poll at an April 26 news conference. To his left are Chamber President Richard L. Leshor; Bruce Josten, senior vice president/membership policy; and Jeffrey Joseph, vice president/domestic policy.

cent to 7.7 percent; they opposed mandates requiring employers to pay for employee health insurance, 71.2 to 23.6 percent; and they approved, 84 to 12 percent, a proposal to enhance the current system, as opposed to a radical overhaul. (The national results, announced in the May issue, are repeated in the introduction to the state-by-state breakdown of responses on Page 96 in this issue.)

"Where the membership's positions

are clear and unequivocal, the board reaffirms them to be official U.S. Chamber policy," Marcil said.

The American Plan is based on reform elements that are common to most of the health-care proposals pending in Congress, but they do not involve the high costs and extensive regulations in some of the plans, including the Clinton administration's.

The common elements address the most pressing public concerns over health care—affordability, availability, portability, and the need for reliable information to help make purchasing decisions.

The American Plan's basic provisions, as endorsed by the Chamber membership and translated into board policy, are:

- A standard minimum benefit package that all insurers would offer to permit comparison shopping.

- Report cards that would allow consumers to compare prices and quality of their own and other health-care plans.

- Insurance-market reforms to ensure availability and portability of health coverage and to curb denial of

Plan Now

Looking Ahead To 1995

In a few months, you'll have two new opportunities to get involved in shaping the U.S. Chamber of Commerce's priorities for 1995.

One will be a survey, to be mailed in September with your October issues of *The Business Advocate* and *Nation's Business*. The questionnaire will ask how important various federal issues are to you and your business.

The second opportunity will be a

Sept. 8 satellite seminar, which will be downlinked by various organizations nationwide, including state chambers of commerce.

The seminar will address the issues expected to be the most pressing in 1995.

Your participation in the survey and the seminar could help influence the effectiveness of the U.S. Chamber's agenda for next year.

Continued on next page

Health Care

Lawmakers Respond To Survey

Continued from previous page

coverage to businesses based on claims history or to an individual because of a pre-existing condition.

- Consumer choice and incentives.
- Purchasing pools for small employers and individuals.
- Administrative simplification.
- Reforms to curb costs of medical-malpractice claims.
- 100 percent deductibility of insurance costs of the self-employed.

Chamber President Richard L. Leshner said at the news conference that "these elements do constitute substantial reform." They are supported by a very substantial majority of the public, he said, and it is time to move ahead with them.

Both the Chamber's poll of its members and the resulting policies drew bipartisan praise on Capitol Hill:

■ Sen. Trent Lott, R-Miss.—"What is clear is that the business community wants health reform that will make it easier for all Americans to find and afford insurance."

■ Sen. Richard C. Shelby, D-Ala.—"The U.S. Chamber's members ... favor a cautious approach to health-care reform that will build on the strengths of our current health-care system."

■ Sen. Larry E. Craig, R-Idaho—"The business community, the group that pays the bulk of the bills, understands that the more the federal government tinkers with the health-care system, the more expensive and less efficient it becomes."

■ Sen. Connie Mack, R-Fla.—"The Chamber survey shows clearly that Americans do not want the Clinton plan. It will create an explosion in the size, scope, and cost of government, effectively taking away the right of Americans to choose their own doctors."

■ Rep. John Linder, R-Ga.—"The Chamber has long led the charge for American prosperity. It still is, as it leads the charge away from the Clinton health plan."



"This information from the Chamber gives me great confidence"

—Sen. Coverdell, R-Ga.



"The U.S. Chamber's members ... favor a cautious approach"

—Sen. Shelby, D-Ala.



"This survey shows that the business community supports reform"

—Sen. Kempthorne, R-Idaho

of employer mandates ... hundreds of thousands of jobs will be lost and wages for those who still have a job will decrease."

■ Rep. Richard K. Armey, R-Texas, chairman of the House Republican Conference—"The Chamber's survey ... proves what all the economic analyses

have said about the Clinton plan and employer mandates ... employers will be forced to eliminate jobs, reduce wages, or cut back hours in order to bear the cost."

■ Sen. Paul Coverdell, R-Ga.—"This information from the Chamber gives me great confidence that the American people are finding ways to understand the true effects of the Clinton plan and are rejecting these big-government proposals."

■ Sen. Dirk Kempthorne, R-Idaho—"This survey shows that the business community supports reform of the health-care system that will directly address problems and will allow the market to operate more effectively."

■ Sen. Malcolm Wallop, R-Wyo.—"The U.S. business community understands what is at stake and clearly supports free-market reforms rather than centralized government."

The poll was the subject of a health-care alert issued by the Republican National Committee

under the heading, "Main Street Speaks Out on Clinton Care."

The alert said: "The Chamber's members are sending the Congress a strong message—don't finance health care on the backs of Main Street businesses, and don't impose a government-run health-care system."

■ Sen. Hank Brown, R-Colo.—"The poll ... confirms my assessment" that the Clinton plan is dead because of provisions for a massive federal bureaucracy, record higher taxes, and denial of choice to individuals.

■ Rep. John A. Boehner, R-Ohio—"The survey reflects the larger truth

■ Health Care



U.S. Chamber of Commerce President Richard L. Leshner, left, addressed the House Republican Conference on May 4 on the results of the business federation's recent poll of its members on health-care reform. Leshner was

invited by the conference to conduct the briefing, which preceded a Capitol Hill rally against the striker bill. At the lectern next to Leshner is the GOP conference's chairman, Rep. Richard K. Arney, R-Texas.

■ Property Rights



Rep. Charles H. Taylor, R-N.C., spoke recently to the U.S. Chamber's Food and Agriculture Committee about legislative efforts to protect private-property rights. Taylor is among a group of lawmakers defending private-property rights by attempting to add protections to a host of environmental bills, including legislation to reauthorize the Clean Water Act.

■ Employment

Hiring, Firing Book Available

The U.S. Chamber of Commerce has published a guide to hiring, firing, and managing employees.

Employment Law: A Checklist provides a detailed list of the do's and don'ts of dealing with workers.

Among the topics in the 65-page booklet are writing job descriptions; conducting interviews; using manuals, handbooks, and policy statements; promoting and disciplining employees; developing grounds for terminating workers; and handling wrongful-discharge suits.

The publication was written for the Chamber by Arthur L. Herold and Gerard P. Panaro, partners in the Washington, D.C., law firm of Webster, Chamberlain & Bean.

The guide (Publication No. 0191) costs \$20 for U.S. Chamber members and \$25 for nonmembers. To order, send a check payable to the U.S. Chamber of Commerce to: Publications Fulfillment, 1615 H Street, N.W., Washington, D.C. 20062-2000; or call 1-800-638-6582 (in Maryland, dial 1-800-352-1450).

■ Capitol Hill

Purchasing Reform Bills Advance

Legislation to streamline the federal purchasing process and open new opportunities for small businesses to sell their products to the government is nearing votes in the Senate and the House.

A Senate bill to reform the government's procurement system was expected to be cleared by several committees for a floor vote by late May.

In the House, a vote on similar legislation was expected to be pushed back to June because of jurisdictional squabbles among the Armed Services, Government Operations, and Small Business committees.

The U.S. Chamber of Commerce and the Acquisition Reform Working Group—to which the Chamber belongs—have been urging Congress to streamline the federal contracting process. While the bills likely to come to votes in Congress represent steps in the right direction, the Chamber says they almost surely will not go far enough.

Nonetheless, many of the Chamber's and the working group's recommendations to broaden the bills were incorporated into the legislation.

They are included in provisions to:

- Ensure that small companies get notified of government contracting opportunities.

Currently, small companies have only minimum access to government requests for goods and services, with most agencies simply posting contracting notices on internal bulletin boards. The legislation calls for the installation of an electronic data interchange (EDI) system—similar to an electronic bulletin board—and requires federal agencies to enter purchasing requests on the system to alert small businesses about contracting opportunities.

- Improve government explanations of why a company did not win a contract to help firms in subsequent efforts to secure federal business.

- Set the contract dollar limit for providing cost and pricing data on products sold to the government at \$500,000.

The U.S. Chamber believes such a limit on requiring data would help small contractors cut the number of hours and the amount of paperwork involved in securing government contracts.

Another provision included in the measures and backed by business would raise the threshold for contracts reserved for small firms to \$100,000 from \$25,000.



Rep. James H. Bilbray, D-Calif., left, confers with aides Felix Martinez, center, and Michael Talisnik during a meeting of the Chamber's procurement council. Bilbray discussed legislation he is sponsoring to streamline the federal purchasing system and help small firms sell to the government.

Though the Chamber continues to urge passage of the legislation, it is also pushing for more substantive federal purchasing reforms.

The pending measures largely "tinker around the edges," said Lorraine Lavet, director of the Chamber's do-

mestic-policy department. Lavet also noted that although the legislation encourages the federal government to purchase more commercial goods directly off the shelf, it contains limited reform provisions for the purchase of major weapons systems.

■ Product Liability

Senators Push For Vote

Senate proponents of legislation to reform the nation's patchwork of product-liability laws are taking a new tack in their efforts to pass the measure soon.

Sens. John D. Rockefeller IV, D-W.Va., and Joseph I. Lieberman, D-Conn., plan to try to add their liability bill to other legislation scheduled for Senate action if a separate vote on their bill is not scheduled by the week of June 20.

Rockefeller and Lieberman are the chief sponsors of the measure to create a federal uniform product-liability statute to replace the current system of 50 state laws.

The legislation is strongly supported

by the U.S. Chamber of Commerce.

The two lawmakers had tried to get a Senate vote scheduled before or shortly after a May 28-June 6 Memorial Day congressional recess. But when Senate Majority Leader George J. Mitchell, D-Maine, refused to set a vote then, the bill's Senate supporters began negotiating with him for a possible vote in late June. The House is expected to consider a similar bill after the Senate vote.

Call your senators and representative and urge them to support product-liability reform. Lawmakers may be reached through the Capitol switchboard at (202) 224-3121.

GAIN UPDATE

GRASSROOTS ACTION
INFORMATION
NETWORK

U.S. Chamber of Commerce Federation

Chamber, Others Rally Against Strike Bill

Other business-related legislation is ready for action.

At press time, the U.S. Chamber of Commerce was fighting to defeat a bill that would ban the permanent replacement of striking workers. The legislation was expected to come up for a Senate vote by late May.

The bill, called the Workplace Fairness Act, would amend the current federal labor law to make it illegal for employers to recruit or hire long-term replacements for employees striking over wages, hours, or working conditions. The Chamber has been a leading opponent of the measure.

Sen. Orrin G. Hatch, R-Utah, who is leading the Senate opposition to the striker-replacement measure, told business people at a May 4 rally on Capitol Hill that he expected a vote on the Senate bill (S. 55) before a Memorial Day recess that was set to begin May 28. The House passed a bill



similar to the Senate measure last year.

Other opponents who spoke against the bill at the rally included U.S. Chamber President Richard L. Leshner.

Hatch and other senators were preparing to conduct a filibuster on the legislation. "A lot of us are willing to talk for a long time," Sen. Don Nickles, R-Okla., told the audience at the rally. Sixty votes are needed to stop a filibuster and force a vote on a measure.

The bill would remove an employer's fundamental right to continue in business during a strike, said several of the lawmakers who spoke at the rally.

The Chamber's opposition has been based on several concerns:

- If employers could not hire long-term replacements for striking employees and were unlikely to find competent temporary replacements, they would be forced to accept any and all union demands or try to continue operations during a strike using only supervisors and administrative employees.
- With the power to force a business to stop operating

during a strike, unions could soon demand virtually full partnership status in every business employing their members.

■ If any version of the strike bill is enacted, including any so-called compromises, organized labor would get an effective tool to try to reverse a decades-long trend of shrinking membership and diminishing influence.

■ Unions would be able to force a nonunion employer to recognize and deal with a union even though the affected employees had been denied their right to vote on the union issue in a secret-ballot election.

Labor dislikes such elections because generally the majority of employees reject the union representation.

If the Senate has not considered the strike bill when you receive this magazine, call your senators at (202) 224-3121. Or, at no cost, send them a Mailgram. Just call 1-800-939-JOBS; Western Union will handle the rest.

"A To Z" Proposal Could Help Control Federal Spending

The Chamber has announced its support for a new approach to federal spending cuts.

Reps. Robert E. Andrews, D-N.J., and Bill H. Zeff Jr., R-N.H., have advanced a proposal to set aside five legislative days for the House to consider budget-related spending-cut initiatives.

The so-called "A to Z" legislation would allow any representative to propose specific spending cuts and have the House vote on each. If approved, a cut would be folded into a larger package of cuts. The goal is to strip away the rules that keep rank-and-file lawmakers from challenging established spending policies.

The Chamber conducted a survey of its various policy committees and of the approximately 3,600 GAIN activists who have expressed interest in federal spending issues.

The prompt and thoughtful responses reflected firm support for the Andrews-Zeff proposal and related legislation (H.R. 3266). Based on this response, the Chamber has endorsed the "A to Z" package and has sent letters to all House members urging their support for it.



The "A to Z" sponsors are collecting signatures on a petition to discharge a procedural rule from the House Rules Committee and bring it to the floor for a vote despite opposition from the House leadership. The rule would clear the way for spending-cut amendments to be considered and folded into the "A to Z" bill.

The signatures of 218 House members are required for a successful discharge petition. Contact your representative and urge him or her to sign the discharge petition for the "A to Z" proposal.

How You Can Join GAIN

The Grassroots Action Information Network—GAIN—enhances the ability of business people to influence government decisions that affect their enterprises. Through the network, the U.S. Chamber staff of specialists on legislative and regulatory issues provides activist business people with the timely and thorough information they need to urge their members of Congress to cast pro-enterprise votes.

For more information on how you can become a member of this network, call (202) 463-5904.

State-By-State Results Of The U.S. C

How did members of the U.S. Chamber of Commerce in your state vote in the organization's poll on health-care reform? The answer appears in this detailed chart, which gives the complete results by states for the most widely discussed elements of the current debate.

(A report on policy actions taken by the Chamber board as a result of the survey appears on Page 91.)

The eight consensus reforms referred to in the first question in the listing were chosen because they are market-based

solutions that appear in most of the mainline reform proposals pending in Congress. These reforms are a standard benefits package, report cards on the price and quality of health-care plans, insurance reforms to ensure availability and portability of coverage, consumer choice, purchasing pools for small employers and individuals, simplified administration, reforms to curb excessive claims for malpractice, and 100 percent tax deductibility of health-insurance costs of the self-employed.

These are the national results (in percentages; no-opinion

	Ala.	Alaska	Ariz.	Ark.	Calif.	Colo.	Conn.	Del.	D.C.	Fla.	Ga.	Hawaii	Idaho	Ill.	Ind.	Iowa	Kan.	Ky.	La.	Maine	Md.	Mas.
Total Respondents	617	178	581	450	3,057	895	392	133	118	1,255	953	233	204	1,171	1,055	902	676	411	713	230	771	737
Do You Generally Support The Eight Reforms? (See text above)																						
Yes	65	66	64	72	69	66	76	74	80	70	67	71	68	72	69	67	69	65	66	69	70	77
No	28	29	30	23	25	30	19	21	16	23	26	21	25	23	25	27	24	27	27	23	22	18
Should the United States Seek, Over Time, Universal Coverage for All Americans?																						
Yes	29	29	34	29	40	30	51	50	63	41	30	46	25	36	28	30	32	31	27	43	42	54
No	62	61	58	60	51	63	42	46	33	49	61	46	64	54	62	59	60	58	64	47	49	37
Health-Care Reform Options:																						
Enhance the Current System																						
Acceptable	87	83	85	90	82	84	81	80	77	81	85	78	84	83	87	85	84	83	88	84	82	79
Unacceptable	11	13	12	8	14	12	16	17	16	15	12	16	13	12	10	11	13	12	8	11	14	17
Expand the Current Coverage for Low-Income Individuals and Families																						
Acceptable	46	34	43	46	43	39	54	50	65	49	41	53	42	46	43	44	44	42	41	53	50	56
Unacceptable	51	58	46	40	46	50	37	44	23	40	49	37	47	40	45	42	44	44	47	37	39	34
Employer-Required Access																						
Acceptable	47	49	51	49	48	45	56	54	69	50	43	69	44	50	49	49	48	47	44	54	51	56
Unacceptable	47	49	42	46	45	48	37	39	24	44	50	27	50	42	45	44	45	46	49	38	42	36
Employer Mandate																						
Acceptable	17	18	20	22	24	19	34	28	33	25	17	52	23	25	20	20	20	16	16	25	27	33
Unacceptable	77	78	76	74	71	76	60	68	57	79	78	42	72	68	75	74	75	78	78	71	68	62
Individual Mandate																						
Acceptable	37	31	29	38	39	38	42	37	42	42	37	42	35	40	36	41	43	40	35	44	41	45
Unacceptable	55	64	63	53	53	55	50	57	44	50	56	46	59	50	56	51	49	50	55	47	51	47
Government-Run Health-Care System																						
Acceptable	6	8	8	6	11	7	9	10	16	13	7	10	5	5	5	6	5	7	5	7	11	13
Unacceptable	90	89	89	91	84	89	85	88	77	81	88	82	92	89	90	88	91	87	91	88	83	81
Most-Preferred Option																						
Enhance the Current System	60	54	57	65	52	55	49	53	47	49	59	42	56	55	62	56	55	52	67	55	51	46
Expand the Current Coverage for Low-Income Individuals and Families	7	7	8	6	7	7	10	8	7	8	5	6	5	9	8	6	9	9	7	7	7	8
Employer-Required Access	8	8	10	7	9	10	10	11	12	9	8	12	9	10	8	11	9	9	5	11	8	11
Employer Mandate	5	3	5	5	7	6	12	13	13	7	5	15	10	8	5	5	6	6	3	8	9	11
Individual Mandate	11	11	7	9	13	12	9	7	8	14	13	12	11	10	10	14	12	12	10	10	12	13
Government-Run Health-Care System	3	6	7	4	7	4	5	5	5	8	4	7	2	3	2	3	4	4	2	5	5	7

Chamber's Poll On Health-Care Reform

responses are not listed) on the choices in the survey:

Support of the consensus reforms—Yes, 69.9; no, 24.2.

Universal coverage as a goal—Yes, 35.4; No, 55.3.

Enhance the current system—Acceptable, 84;

Unacceptable, 12.3.

Expand low-income coverage via government aid—

Acceptable, 45.2; Unacceptable, 43.6.

Mandated Access—Acceptable, 49.5; Unacceptable, 43.6.

Employer Mandate—Acceptable, 23.6; Unacceptable, 71.2.

Individual Mandate—Acceptable, 39.4; Unacceptable, 52.6.

Government-run system—Acceptable, 7.7; Unacceptable, 87.2.

This was the national result of the question in which respondents were asked to identify the reform option they most preferred: enhance current system, 55.9; individual mandate, 11.3; mandated access, 8.8; expand low-income coverage, 7.7; employer mandate, 6.6; and government-run system, 4.3.

Del.	Minn.	Miss.	Mo.	Mont.	Neb.	Nev.	N.H.	N.J.	N.M.	N.Y.	N.C.	N.D.	Ohio	Okl.	Ore.	Pa.	R.I.	S.C.	S.D.	Tenn.	Texas	Utah	Vt.	Va.	Wash.	W.Va.	Wis.	Wyo.	V.I.
448	1,130	273	852	294	585	156	170	744	323	2,002	1,094	234	2,106	553	903	1,826	101	411	252	448	2,861	311	123	1,128	844	290	1,341	195	88
%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
69.9	74	64	70	69	65	65	78	75	63	73	69	75	69	73	67	73	75	73	65	69	69	76	78	71	69	74	71	72	59
25	20	29	24	28	28	28	16	18	30	21	25	20	24	23	26	21	16	22	28	25	26	21	15	23	27	29	24	23	23
33	35	27	30	27	28	31	48	49	30	46	36	35	33	31	34	38	50	31	31	28	28	29	47	37	37	39	35	28	64
58	55	66	59	64	60	60	37	42	64	44	54	54	56	61	57	52	45	60	60	61	64	62	41	55	55	50	57	61	24
84	86	85	87	88	87	84	82	80	86	81	81	85	84	89	83	84	84	88	85	87	88	86	83	84	84	83	84	84	76
12	10	13	10	9	10	12	12	15	10	14	14	11	12	9	14	13	12	9	12	10	11	12	13	12	13	12	12	14	11
46	52	34	43	40	41	37	50	55	41	51	44	51	45	43	40	46	50	45	46	44	40	42	50	46	44	57	47	39	73
41	36	57	46	49	48	54	38	34	48	37	45	38	44	46	48	42	38	47	43	45	50	47	39	43	44	32	41	49	17
47	50	40	49	46	45	49	54	55	43	55	49	50	50	47	46	52	53	49	54	51	46	50	46	49	52	53	53	41	58
44	43	49	44	49	50	44	42	37	50	37	44	41	44	47	47	41	37	46	39	43	47	45	46	44	42	41	40	53	32
22	26	17	21	20	20	26	25	34	14	29	25	25	24	20	25	26	26	22	20	21	19	29	29	24	29	28	26	17	57
71	70	78	75	76	77	71	68	59	80	64	68	70	71	76	71	69	66	74	74	73	77	77	64	71	66	66	70	81	35
34	45	35	41	34	36	37	38	47	33	46	40	43	38	38	35	42	39	43	38	40	34	34	41	40	40	45	40	35	55
53	46	57	51	61	55	55	53	45	59	45	52	47	53	55	58	50	49	52	52	53	58	61	50	52	54	47	52	60	30
6	7	5	5	7	4	7	10	12	6	14	8	6	5	5	7	8	11	6	7	4	5	6	15	8	8	12	6	4	41
88	88	91	90	90	91	88	86	82	91	80	85	91	90	91	88	87	79	90	89	92	90	90	79	87	88	82	90	93	43
58	54	67	58	62	62	58	53	48	64	50	54	56	57	62	52	57	57	60	59	63	62	64	58	57	51	48	56	66	24
10	10	3	7	7	9	6	9	9	6	9	8	10	8	6	8	8	9	7	6	5	6	7	7	8	7	10	7	5	23
7	8	8	10	7	7	10	8	9	9	9	8	8	10	7	10	9	9	8	11	10	8	11	5	9	10	10	11	4	8
6	7	5	5	5	5	8	6	12	3	7	7	7	6	5	8	7	3	5	6	6	4	6	8	6	9	7	7	4	14
10	14	9	13	8	10	10	13	11	9	12	12	12	10	14	12	10	10	10	10	10	11	7	12	10	14	11	10	11	11
3	3	3	3	4	2	3	8	6	2	8	5	3	3	2	4	4	8	4	3	2	3	1	8	5	4	6	4	4	18

Bills To Reform S Corporations Need Your Active Support

The Chamber is working to secure passage of the S Corporation Reform Act, introduced in the Senate by Sens. David Pryor, D-Ark., and John C. Danforth, R-Mo., and in the House by Reps. Peter Hoagland, D-Neb., and Bill Archer, R-Texas.

The legislation, S. 1690 and H.R. 4056, would benefit the approximately 1.6 million businesses organized as Subchapter

S corporations by simplifying compliance burdens, increasing capital availability, and changing the treatment of fringe benefits.

Enacted in 1958, the Subchapter S designation now governs the taxation and structure of 40 percent of U.S. corporations. This section of the Internal Revenue Code, however, has failed to keep pace with the realities of

modern business.

Increasingly, small businesses look beyond traditional bank loans to meet their capital needs. The Pryor-Danforth and Hoagland-Archer reform packages would permit S corporations to issue certain preferred stock, thereby providing for easier investment by venture capitalists and financial institutions.

The bills would liberalize shareholder rules to permit investment by tax-exempt organizations, financial institutions, nonresident aliens, other Subchapter S corporations, and a wider range of trusts.

By allowing tax-exempt entities to own shares, the legislation would permit Subchapter S companies to establish employee stock-ownership plans. The measures also would increase the number of shareholders allowed from 35 to 50, making it easier for descendants to invest in a family-held business.

The Chamber, along with the American Institute of Certified Public Accountants and the American Bar Association Subchapter S Subcommittee, has worked for the past year with the House and Senate sponsors to develop the legislation. Now, this coalition of business groups is helping to build support for the measure on Capitol Hill. The Chamber is urging business people to contact their lawmakers and urge them to co-sponsor the S Corporation Reform Act.

Conference Panel On Competitiveness Bill To Consider Business-Backed Amendments

A House-Senate conference committee called to consider a competitiveness bill that contains two amendments beneficial to business was expected to begin deliberations in mid- to late May. The U.S. Chamber of Commerce is urging the committee to retain the amendments.

With significant help from its grass roots, the Chamber succeeded in having the proposed Regulatory Flexibility Amendments Act and the Economic and Employment Impact Act attached to the Senate version of the National Competitiveness Act.

But both provisions will be open for debate in the conference committee because they are not part of the House-passed version of the legislation.

The competitiveness act, on which the Chamber has taken no position, would authorize \$1.9 billion over two years for the U.S. Commerce Department to promote U.S. products and processes through public-private research and development.

The U.S. Chamber strongly favors the two amendments, noting that their adoption would be a significant step toward enhancing small firms' ability to compete in a global economy.

The original Regulatory Flexibility Act, adopted in 1980, was designed to provide small business respite from the ever-growing hindrance of excessive regulation—estimated to cost taxpayers and businesses more than \$400 billion annually—by requiring federal agencies to consider the impact of proposed regulations on small entities.

Its intent was to ensure that the least burdensome approach for regulatory implementation was adopted. Unfortunately, the law has some fundamental flaws, the most important being that agencies do not have to answer to any compelling authority for noncompliance. The regulatory law specifically excluded the courts as reviewers, and that lack of judicial enforcement has led to bureaucratic abuses of the regulatory process. The Regulatory Flexibility Amendments Act would provide the crucial ingredient necessary to make the law work as originally intended—judicial review of federal agency compliance with the statute.

The Economic and Employment Impact Act would require an economic and employment impact analysis—a statement

detailing the effect of a law or regulation on consumers and businesses—to accompany legislation considered by Congress and regulations proposed by the executive-branch agencies.

These analyses would help ensure that costs are not unnecessarily burdensome to American taxpayers and businesses. Moreover, considering

the ramifications of even well-intentioned proposals would force lawmakers and regulators to balance the costs and benefits in favor of business activity and economic growth.

The Chamber, which helps lead the Washington-based Regulatory Flexibility Act Reform Coalition, has conducted an all-out effort to pass the regulatory provisions. Frequent strategy meetings with other groups concerned about overregulation by the federal government were held at the Chamber. And under the business federation's guidance, numerous House and Senate lawmakers, including nearly every conference member, have been contacted and urged to support regulatory flexibility reform.

The Chamber also has been urging the Clinton administration to support this effort more actively. The National Performance Review, more commonly known as the reinventing-government plan proposed by Vice President Albert Gore, recommended the regulatory reforms that business is backing.

The Chamber has contacted Leon Panetta, director of the Office of Management and Budget, which must review government rules, and Erskine Bowles, head of the Small Business Administration, which oversees the Regulatory Flexibility Act, to urge their support.

The Chamber is also asking its members to contact their lawmakers to urge them to pressure the conferees on the National Competitiveness Act to retain the two provisions. Senators and representatives may be reached through the Capitol switchboard at (202) 224-3121.

The Regulatory Flexibility Amendments Act would ensure that the interests of small business are considered when federal regulations are promulgated. The Economic and Employment Impact Act would compel both Congress and regulators to consider the economic consequences of their actions. This would be good for business and the economy.



Trade

GATT-Pact Enhancements Urged

The U.S. Chamber of Commerce strongly supports approval of a major multilateral trade agreement but is urging that several steps be taken to enhance the pact's value.

James K. Baker, a Chamber director and chairman of the organization's International Policy Committee, outlined those steps in testimony before the Senate Finance Committee as Congress prepared to debate legislation to implement the accord—the Uruguay Round of the General Agreement on Tariffs and Trade (GATT).

Baker, chairman and CEO of Arvin Industries, in Columbus, Ind., said:

■ GATT market-access negotiations should be concluded to bring additional commercial benefits to U.S. companies.

■ U.S. implementing legislation should provide interpretations and clarifications—where necessary—to the pact's various provisions to ensure that U.S. economic interests are advanced.

■ The U.S. legislation should also include detailed language to provide for the monitoring and use of the GATT provisions by this country.

■ America must continue efforts to negotiate mutually beneficial trade agreements—such as NAFTA—with other countries even after the latest

The GATT agreement will result in "a stronger, more disciplined world trading system."

—James K. Baker



GATT accord is implemented.

■ The U.S. must continue to strengthen its competitiveness through improvements in the quality of its production processes, technologies, and work force.

The Uruguay Round pact, named after the South American country where negotiations began in 1986, is expected to foster world trade by lowering

tariffs, opening markets for goods and services, and improving procedures for resolving trade disputes between nations.

President Clinton is expected to send legislation that would implement the pact to Congress sometime this summer. The trade accord, signed by 117 countries, is scheduled to go into effect on July 1, 1995.

Regulation

Leave-Rule Problems Cited

Proposed rules for implementing the Family and Medical Leave Act "have created ambiguities, uncertainties, and inequities," the U.S. Chamber of Commerce told the Labor Department.

The Chamber further noted in written comments to the agency that if left unaddressed, the "interim final rules" will "promote rather than prevent unnecessary litigation."

Using the Regulatory Flexibility Act as a basis, the Chamber called on the Labor Department to delay implementation of the rules for the family-leave act until an analysis of its impact on small firms can be conducted. The Regulatory Flexibility Act requires federal agencies to perform such analyses for all rules that could have a significant economic impact on small businesses.

The Labor Department says, however, that the family-leave act does not

have a significant impact on a substantial number of small firms.

The leave law, which requires employers with 50 or more workers to grant their employees up to 12 weeks a year of unpaid time off, took effect Aug. 5, 1993. Final rules for the statute are expected to be issued by the Labor Department this August.

Under the law, workers can take leave for the birth or adoption of a child, or for their own or an immediate family member's serious illness.

In its comments to the Labor Department, the Chamber said the interim rules "go too far in many instances and impose burdensome and impractical obligations upon employers."

One of the provisions of the law, for example, allows employees to take "intermittent leave," which is defined by the proposed regulations as leave for

periods from an hour or more to several weeks. The Chamber says employers will face operational difficulties and burdensome record-keeping and payroll requirements if workers are allowed to claim coverage under the family-leave act for absences of one or two hours.

The Chamber recommends that intermittent leave be defined as at least half-day periods.

The Chamber also raised concerns about the definition of a "serious" health condition.

The proposed rule defines the term as requiring an overnight stay in a hospital or similar facility, constituting a three-day illness, or requiring at least two visits to a physician or other health-care provider or supplier.

Said the Chamber: "Under this definition, many minor, short-term injuries or illnesses suddenly become 'serious,' thereby creating numerous problems for an employer trying to administer an attendance policy. Such a liberal definition welcomes abuse by employees and makes an employer's managerial duties more expensive and uncertain."

■ Environment



Kathleen McGinty, director of the White House Office of Environmental Policy, addressed board members of the Global Climate Coalition who were meeting at the Chamber about the development, implementation, and funding of the Clinton administration's climate-change action plan.

The U.S. Chamber helps lead the climate coalition. The group supports the administration's efforts to address global climate change but opposes the use of federal taxes and regulations to force businesses to reduce so-called "greenhouse" gases.

■ Legislation

A Tactical Win On Clean Water

The U.S. Chamber of Commerce and the Clean Water Industry Coalition have won a significant procedural victory in the congressional debate over clean-water legislation.

Rep. Norman Y. Mineta, D-Calif., had indicated that the House Public Works and Transportation Committee, which he chairs, would send clean-water legislation to the House floor without public hearings. As a result, the Chamber and the Washington-based industry coalition, which the Chamber leads, conducted a campaign urging him not to move the legislation—which would renew and expand the federal water-pollution law—without hearings.

In early May, Mineta agreed to schedule public hearings on the bill.

In a letter to all House members urging hearings, the Chamber had said that while it supports clean water and the protection of human health and the environment, it also has "serious questions about whether many of the arcane provisions of H.R. 3948 [Mineta's bill] will improve the environment or unnecessarily restrict economic development and impose new federal mandates on local communities."

Under the House bill and similar Senate legislation (S.1114), the Environmental Protection Agency

would be given broad new powers to set water-quality standards; to require additional permits, for example, for wastewater discharges; to increase fees; and to enforce clean-water regulations through higher fines and civil and criminal penalties.



Rep. Norman Y. Mineta, D-Calif., has decided to hold hearings on his clean-water bill.

The EPA also could require companies to change manufacturing processes to mitigate toxics or "effluent" in waste water, and the agency could require firms to build waste-water treatment facilities on site.

The bills also would allow citizens to sue a business that violates the Clean Water Act, even after the firm has corrected a problem.

The Senate Environment and Public Works Committee approved its clean-water bill in late February, and the full Senate may consider it soon.

Some of the other provisions of concern to the Chamber would:

- Require states to adopt federal regulations to prevent existing water quality from being degraded. The rules would prevent facilities from altering their waste-water discharge levels, which could prohibit plant expansion, changes in production output, expansion of capacity, and new sewer connections.

- Create a new federal groundwater program that would duplicate existing state and federal programs.

The Chamber and the clean-water coalition are working with lawmakers to write legislation that would renew the Clean Water Act and address business's concerns.

Chamber members are urged to write their representative to express business's concerns about Mineta's clean-water bill. The address for representatives is: U.S. House of Representatives, Washington, D.C. 20515.

■ Business Ballot

Tax Law's Impact On Members

More than 74 percent of the respondents to the April Business Ballot poll said that federal tax increases enacted in 1993 as part of the federal budget for fiscal 1994 have had a negative impact on their firms.

Only 3.3 percent said the levies have had a positive effect, and 22.3 percent said the higher taxes have had no measurable impact on their firms.

The Business Ballot polls all U.S. Chamber members bimonthly on their opinions on business-related issues and their economic outlook.

When asked whether Congress should make spending reductions above the \$25 billion in cuts proposed in the president's budget for fiscal 1995, 90.1 percent of the respondents agreed that more cuts are needed and that \$25 billion is "inadequate." Nearly 7 percent said that additional cuts would hurt the economy; 3.2 percent had no opinion.

On another spending question, slightly more than 59 percent of the poll respondents said that a spending-reduction commission—modeled on the independent military-base-closing commis-



Rep. John R. Kasich, R-Ohio, center, and Sen. J. Robert Kerrey, D-Neb., discuss budget issues at a Chamber Policy Insiders forum. Chamber Vice President Meryl Comer moderates the debate.

sion—should be created to recommend budget cuts. Such a commission should not be established, said 27.4 percent.

Sen. Connie Mack and Rep. Dan

Miller, both Florida Republicans, are sponsoring legislation that would set up a spending-reduction commission. The Chamber is supporting that measure.

■ Economy

Confidence Dips Slightly

U.S. Chamber of Commerce members were slightly less optimistic about the six-month economic outlook in April than they were two months earlier.

The latest Business Confidence Index, a composite of the results of three bimonthly economic-outlook questions in the Business Ballot, dropped to 49.9 in April from 51 in February.

February's index was down from 54.3 in December 1993. (See the chart.)

An index of 50 means the number of firms expecting increases in their sales, employment, and the economy over the next six months is equal to the number expecting decreases.

The questions on which the index is based ask Chamber members' six-month outlook for their firms' employment and sales and on the economy.

Said Martin A. Regalia, vice president and chief economist for the U.S. Chamber, of the drop in the index: "The modest decline in April's Business Confidence Index reflects the growing



perception that economic activity will slow somewhat over the coming months from its breakneck pace at the end of the year."

He added: "Rising interest rates, owing to fears of inflation, and a less accommodating monetary policy are no

doubt partly responsible for the decline in confidence."

Respondents expecting the economy to improve during the next six months dropped to 24.7 percent in April from 29.5 percent in February. And 37.1 percent in April believed the economy would decline, up from 32.2 percent in February. A similar percentage of respondents for the latest two polls—38.2 in April and 38.3 in February—said they expect no change in the economy.

Respondents were more optimistic about their own companies' prospects over the next six months. For sales, 37.6 percent believed they would increase, compared with 35.3 percent in February.

Nearly the same percentage—24.3 in April and 23.2 in February—thought sales would decrease, and 38.1 percent in April expected no change, compared with 41.5 percent in February.

Eighteen percent of respondents to the April poll said that they expected to add workers during the next six months. In February, 16 percent had expected to add workers.

Be sure to respond to this month's Business Ballot on the economic outlook and issues shaping the future.

■ Supreme Court

NCLC Wins Rights-Law Verdict

The U.S. Chamber of Commerce's public-policy law firm recently won a major victory for business in the U.S. Supreme Court and is awaiting decisions on two other important cases before the court.

The National Chamber Litigation Center (NCLC) filed friend-of-the-court briefs in the cases.

In the one that was decided, the Chamber's litigation center and the Equal Employment Advisory Council, a Washington, D.C.-based employer group concerned about workplace discrimination, argued successfully that the Civil Rights Act of 1991 should not be retroactive for cases pending on the date the act took effect—Nov. 21, 1991. The law expanded the scope of the anti-discrimination Civil Rights Act of 1964.

The Supreme Court said in its decision that if Congress intended for the act to be retroactive, it should have included language to that effect in its legislation.

The case was *Landgraf vs. USI Film Products, Bonar Packaging Inc., and Quantum Chemical Corp. and Harris, Rivers and Davison vs. Roadway Express, Inc.*

■ Federal Policy Changes

In *NTA Graphics vs. National Labor Relations Board*, NCLC has argued to the Supreme Court that federal agencies cannot be allowed to arbitrarily and capriciously change longstanding policy without providing an explanation for the change.

The National Labor Relations Board ruled in 1987 that NTA Graphics, a commercial printer in Toledo, Ohio, had engaged in an unfair labor practice in refusing to bargain with a certified bargaining unit.

The company maintained that the unit was improperly conceived because it included only press department workers rather than press and prepress employees. In the past, the labor board had certified bargaining units that included both press and prepress employees for other printing companies.

In its brief, the litigation center has argued that "longstanding principles of administrative law provide that... an administrative agency such as the [NLRB] must explain its decisions and, in particular, any departures from prior decisions and policies."

The case is expected to be decided next year.



■ State Labor Laws

In *Livadas vs. Aubry*, NCLC has asked the high court to uphold a lower court ruling that state labor laws carving out exemptions for collective bargaining agreements do not violate the federal National Labor Relations Act.

In the case, a union worker for a California grocery filed a complaint with the state's Division of Labor Standards Enforcement alleging that her employer violated two provisions of the California labor code.

But the labor agency refused to prosecute the case, citing a section of the state labor code that bars adjudication of claims involving collective-bar-

gaining agreements that call for disputes between workers and employers to be arbitrated.

The employee then sued the state agency, claiming that it had discriminated against her because of her union membership, a violation of the National Labor Relations Act.

The Chamber litigation center has argued that "federal labor policy is not offended by a state's decision not to interfere where parties have, by negotiation, created their own code to regulate the terms and conditions of employment."

The case is expected to be decided in June or July.

■ New Guide

Workers' Comp

The 1994 *Analysis of Workers' Compensation Laws*, an up-to-date guide to state workers' compensation laws and indemnity benefit levels, is available from the U.S. Chamber of Commerce.

The analysis contains summaries of the workers' comp statutes in the 50 states, the District of Columbia, U.S. territories, and the Canadian provinces. It provides comparative analyses of the benefits, coverage, insur-

ance, and legal requirements of the various jurisdictions. U.S. business spent more than \$55 billion in 1991 for workers' comp insurance, according to the latest Labor Department data.

The workers' comp analysis—publication No. 0366—is available to U.S. Chamber members for \$15; it is \$25 for nonmembers. A supplement with information current to midyear—publication No. 0367—will be available Sept. 1. The supplement's cost is \$8 for members and \$11 for nonmembers.

To order the analysis or the analysis and the supplement, send your check payable to the U.S. Chamber of Commerce to: Publications Fulfillment, 1615 H Street, N.W., Washington, D.C. 20062-2000.



CLASSIFIED ADVERTISING The Nation's Market Place

BUSINESS OPPORTUNITIES

LET THE GOVERNMENT FINANCE your small business. Grants/Loans to \$500,000.00. Free recorded message: 707-448-0270. (MX1)

EARN THOUSANDS STUFFING Envelopes Rush \$1.00 + Long SASE. FHR ENTERPRISES. P.O. Box 1092-R, Chester, SC 29706

WANT A FREE Business? Earn a Substantial Monthly Income From Home With No Investment. Details Send \$5.00 (Refundable) To: Kevin Hayes-B, 2921 NW 309 Terrace, Miami, FL 33056

AFROCENTRIC HIPHOP CLOTHING FREE DISTRIBUTORSHIP! Earnings Unlimited. Ethnic Trends (BA), 5206 Hadian Drive, Durham, NC 27703. (919) 406-6594

\$81885 OF THE HOTTEST HOME MONEY-MAKING MANUALS EVER! Send \$1.00 and LSASE for brochure to: HBBB, Box 23, Liberty Corner, NJ 07938-0023.

HOMEWORKERS NEEDED! \$525 Weekly. Supplies provided, start immediately. SASE: WORKFORCE, 2200 Willow Creek Drive, 76369, Austin, TX 78741.

MILLION DOLLAR HOME BUSINESS. Ideal for mail-order. We supply everything. We drop-ship 3,500 best selling products. FREE DETAILS! G.P. Trading Co., 1932 Irving Street, #123 San Francisco, CA 94122.

MAIL ORDER OPPORTUNITY! Start profitable home business without experience or capital. Write for free book, plus details. No obligation. Mail Order Associates, Inc. Dept. 765, Montvale, NJ 07645.

EASY WORK EXCELLENT PAY. Audit Utility Bills From Home \$50,000+ A Year. Must be Dependable. FREE Report, Send One 25c Stamp To: EDWARD A. DAVIS PUBLICATIONS, 422 Butternut Street, Suite 8(BA), Washington, DC 20012

INCREASE SALES WITH 800 LINE & CREDIT CARDS. Our Telemark 800 Sales Response Center answers 800 lines, sells products, stores/ships & then pays you via receipts from major credit cards. Call 1-800-638-2000. Canada call 800-678-4560. Over 20 years of successful selling for others.

BUSINESS OPPORTUNITIES

START A 900# Business! Rush \$5.00 for Complete Details. TRILLIUM INT'L., 806-77 Mallard Pl., Toronto, Ontario, CANADA M4Y 2V6

FINANCIAL SERVICES

TAX FREE INCOME-LEGAL, Very High Send Large SASE-EDWIN NARWID, P.O. Box 117, Ringwood, NJ 07456

BUSINESS AND MARKETING plans prepared by professionals. For free information call (610) 353-9147 or write: Box 953, Broomall, PA 19008

FURNITURE

TREMENDOUS SAVINGS ON MAJOR BRANDS OF FURNITURE! Call or write Loftin Black Furniture, Co., 111 Sedgehill Drive, Thomasville, NC 27360. Call toll free 1-800-334-7398 (in N.C. 919-472-8117). NATIONWIDE HOME DELIVERY

HEALTH

22% LESS BODY FAT in 6 Weeks!

Numerous studies now show that supplemental Chromium Picolinate promotes fat loss & increases lean muscle. For 60 capsules (2 month supply) rush \$10.95 + \$2.50 s&h to: BODY GOLD, BOX 163933, MIAMI, FLORIDA 33116

LOBBYING SERVICES

PROFESSIONAL LOBBYING SERVICES

FREE telephone consultation on Congressional/Government problems. 250 lobbyists/consultants available to handle any issue; great talent at great prices! A unique Washington, D.C. service organization covered by The Wall Street Journal, Business Week, Inc., & Newsweek. Call/write John Zorack, Esq., 800-795-6229, Professional Lobbying and Consulting Center, 1111 14th St. N.W., Suite 1001, Wash. D.C. 20005.

MORTGAGE BUYING

ATTENTION MORTGAGE HOLDERS: We Will Buy Your Note All or Part. Tailored To Your Needs. Stanley Mortgage Investors, R. Wilson Flap, 1324 Richmond Blvd., Bayshore, NY 11706. 1-516-958-4825

OF SPECIAL INTEREST

THE FACILEY-AMERICA'S Beer Club. The Executive Beer Of The Month Club. The Ultimate Corporate Gift \$15.95 Monthly Plus Shipping. 1-800-638-2337

HOW MAIL ORDER Fortunes Are Made. Industry Expert Reveals All. Free Details! M. Ebel Distributor, Box 15811A, Milford, NY 11764-8360

FREE. AVOID PROBATE Save Attorney's Fees. Protect Your Family. Executive Marketing, P.O. Box 1442, Loveland, CO 80539

GET RICH QUICKLY? Absolutely! Required: Smarts, Keenness, Imagination! Modern technology. 1-900# business put the world at your feet. More info, send \$2.00 and SASE to: W.T. Co., Box 4348 Hollywood, FL 33083

Send inquiries to:

P.O. Box 1200

Washington, D.C. 20013

Attn: Classified

Advertising

or

CALL TOLL FREE

800-424-6746

An "Insider's" Guide THE LOBBYING HANDBOOK



By John L. Zorack, Esq.

1115 pages
93 exhibits
6" x 9"
hardcover

This one-of-a-kind reference includes:

- * how to pass or amend laws and change regulations
- * lobbying strategies, principles, techniques, lobbying campaigns, master plans, committee system, and scheduling
- * lobbying the Executive and Legislative Branches and OMB
- * grass-roots lobbying, coalition building, congressional communications
- * Political Action Committees, Federal Election Commission, fundraisers, ethics, and appropriations process
- * House and Senate parliamentary procedure, floor strategy, and timing
- * an indexed version of the Constitution, synopses of laws establishing jurisdiction of regulatory agencies, congressional committees, jurisdiction, plus 80 interviews of Washington "insiders!"

"A must book for legal libraries."

Zuckert, Scout & Rosenberger

"... I trust that all readers will find *The Lobbying Handbook* as valuable as I have."

Senator Howard Baker

Please send *The Lobbying Handbook* for 30 days trial under your Introductory Guarantee for \$125.00 plus \$4.50 shipping and handling. (D.C. residents add 6% sales tax.) I may return the book any time within 30 days for a full refund, including postage.

Send to: THE LOBBYING HANDBOOK
% Nation's Business
P.O. Box 1200, Washington, D.C. 20013

Payment enclosed
Mastercard
VISA

(Please make checks payable to PLCC-THE LOBBYING HANDBOOK.)

Account Number

Expiration Date

Signature (Required for Credit Card Orders)

Telephone (In case we have a question or your order)

■ Legislation

New Approach To Food Safety Urged

As the battle to reform the nation's food-safety laws takes shape in Congress, the U.S. Chamber of Commerce is urging lawmakers to pass legislation that takes a flexible, science-based approach.

Specifically, the Chamber is supporting legislation sponsored in the House by Reps. Richard H. Lehman, D-Calif., Thomas J. Bliley Jr., R-Va., and J. Roy Rowland, D-Ga. It is also backing a similar Senate bill sponsored by Sens. David Pryor, D-Ark., and Richard G. Lugar, R-Ind.

The bills, titled the Food Quality Protection Act, would:

- Create a uniform federal standard for pesticide levels on foods and pre-empt the states from setting tolerance levels.

- Implement recommendations issued by the National Academy of Sciences on pesticides in the diets of infants and children.

- Expedite the removal from the food supply of chemicals that pose an unacceptable health risk.

The legislation's primary provision would replace the so-called Delaney Clause, which was adopted by Congress as an amendment to the 1958 Federal Food, Drug, and Cosmetic Act.

The clause calls for zero pesticide residues on raw foods if the chemicals are found to be carcinogenic. It permitted the continued use of chemicals already in use at the time the legislation was enacted.



The U.S. Chamber is urging its members to support particular bills in the House and Senate that would overhaul the nation's food-safety laws.

The Chamber-backed legislation would replace the Delaney Clause with a flexible, science-based "negligible-risk" standard applicable to both raw and processed food. The standard could change as science and technology about pesticides change.

Currently, the old zero-risk standard is keeping pesticides that are newer and

safer than the pre-Delaney Clause chemicals off the market.

Also, points out Stuart Hardy, manager of energy, food, and natural-resources policy for the Chamber, today's technology enables measurement of pesticide residues in parts per billion. In 1958, they could be detected only in parts per thousand.

Legislative language backed by the Clinton administration and bills sponsored by Sen. Edward M. Kennedy, D-Mass., and Rep. Henry A. Waxman, D-Calif., do not offer the flexibility to keep pace with advances in science and technology, according to the Chamber.

Action on the food-safety issue could heat up this summer. The Lehman-Bliley-Rowland measure (H.R.1627) has 220 co-sponsors, enough to discharge the legislation from its committees of jurisdiction to the House floor for a vote. The Pryor-Lugar bill (S.1478) has 19 co-sponsors.

If you believe the nation needs a food-safety law that is uniform, flexible, and science-based, write your senators and urge them to support the Pryor-Lugar bill, and urge your representative to support the Lehman-Bliley-Rowland bill. Addresses: U.S. Senate, Washington, D.C. 20510; U.S. House of Representatives, Washington, D.C. 20515.

■ Lobbying

Change Backed In IRS Rules

The U.S. Chamber of Commerce has asked the Internal Revenue Service to limit the scope of its proposed rules for implementing a new law on the deductibility of lobbying expenses.

The lobbying law, adopted as part of the 1993 budget bill, eliminates the tax deduction for expenses incurred in lobbying federal or state governments. Depending on how the rules are written, the law could force businesses to keep meticulous records of both their lobbying and nonlobbying activities.

In comments to the IRS, the Chamber asked the agency to define "lobbying activities." It also asked the IRS to adopt the agency's existing definitions for "direct" and "grass-roots" lobbying, which cite activities not considered lobbying, including an organization's:

- Nonpartisan analysis, study, or research of legislation.

- Technical advice or assistance to legislative bodies in response to a written request.

- Appearances before legislative bodies on issues affecting the group.

- Communications with its members about legislative issues of interest to the organization.

- Communications with government employees—other than legislative branch employees—for purposes other than influencing legislation.

To ease the potential record-keeping burden on business, the Chamber requested that the IRS allow deductions for expenses whose primary purpose is for researching and monitoring legislation even if the legislation subsequently is the object of lobbying activities.

The Chamber called for the effective date of the lobbying law to be no earlier than 120 days after the adoption of the law's final rules. The IRS is expected to issue final rules in June.